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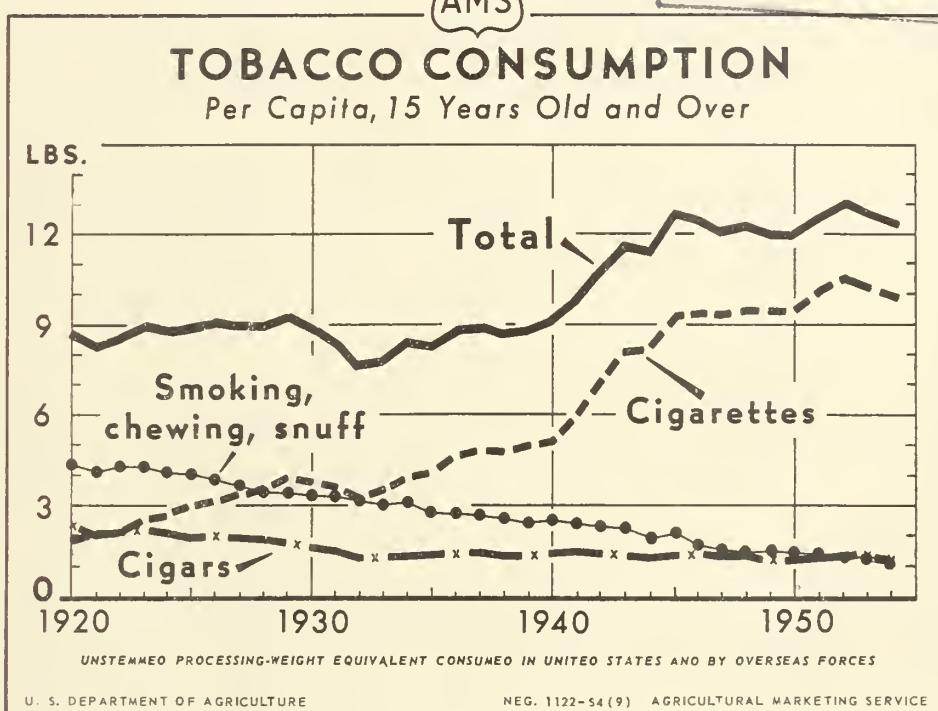
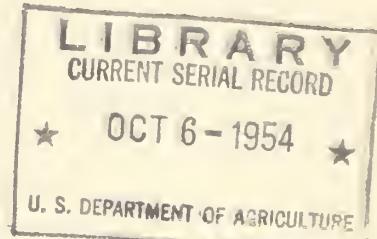


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The

TOBACCO SITUATION

TS-69



The 1954 tobacco consumption per person 15 years and over (in the United States and by overseas forces) is estimated at 12.3 pounds—2.8 percent lower than a year earlier and 4.6 percent lower than the 1952 record.

Cigarettes account for slightly over four-fifths. The daily average during 1954 is estimated at about 9.4 cigarettes per day per person including both smokers and nonsmokers. In pounds, this is about 3 percent less than in 1953

but over twice the rate of the late 1930's.

Cigar tobacco consumption per person in 1954 is estimated at slightly less than 1953. The number, per male including both smokers and nonsmokers, is about 106 1/2 per year compared with a yearly average of around 113 in the late 1930's and 160 in the late 1920's. The 1954 consumption per person of smoking and chewing tobacco, and snuff combined is estimated to be the lowest on record.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

STATISTICAL SUMMARY

Item	Unit or base period	1953				1954				Last data available as per- centage of a year earlier
		May	June	July	Aug.	May	June	July	Aug.	
Average prices at auctions										
Flue-cured	Cents per lb.	C-l-o-s-e-d	52.1	53.5	C-l-o-s-e-d	51.4	49.2	92		
Burley	Cents per lb.	C-l-o-s-e-d			C-l-o-s-e-d					
Maryland	Cents per lb.	49.2	51.5	49.6	44.3	57.0	53.3	51.3	45.7	103
Fire-cured	Cents per lb.	C-l-o-s-e-d			C-l-o-s-e-d					
Dark air-cured (35-36)	Cents per lb.	C-l-o-s-e-d			C-l-o-s-e-d					
Virginia sun-cured (37)	Cents per lb.	C-l-o-s-e-d			C-l-o-s-e-d					
Parity prices										
Flue-cured	Cents per lb.	53.0	52.2	52.8	52.9	53.4	53.0	52.9	53.0	100
Burley	Cents per lb.	51.6	50.9	51.4	51.4	51.7	51.3	51.3	51.3	100
Maryland	Cents per lb.	55.8	55.0	55.6	55.6	54.2	53.9	53.5	53.9	97
Fire-cured	Cents per lb.	34.3	33.8	34.2	34.2	34.9	34.7	34.7	34.7	101
Dark air-cured (35-36)	Cents per lb.	30.1	29.7	30.0	30.0	29.5	29.3	29.1	29.3	98
Virginia sun-cured (37)	Cents per lb.	35.0	34.9	35.3	35.3	34.6	34.4	34.2	34.4	97
Parity index 1/	1910-14=100	279	277	278	278	284	282	280	282	101
Tax-paid removals										
Cigarettes, small	Billion	31	33	30	35	32	35	29		97
Cigars, large	Million	508	501	464	498	484	510	435		94
Chewing and smoking	Mil. lb.	14	14	13	14	14	14	12		92
Snuff	Mil. lb.	3.1	3.4	2.5	3.3	3.3	3.5	2.3		92
Accumulated from Jan. 1										
Cigarettes, small	Billion	161	194	224	259	150	185	214		96
Cigars, large	Million	2,304	2,805	3,269	3,767	2,214	2,725	3,160		97
Chewing and smoking	Mil. lb.	69	83	96	110	67	81	92		96
Snuff	Mil. lb.	16	20	22	25	17	20	22		100
Tax-free removals										
Cigarettes, small	Billion	3	3	3	3	2	3	3		100
Cigars, large	Million	4	8	9	10	6	6	5		56
Chewing and smoking	Mil. lb.	.3	.3	.3	.5	.4	.4	.3		100
Accumulated from Jan. 1										
Cigarettes, small	Billion	14	17	21	24	13	16	19		90
Cigars, large	Million	30	38	47	56	43	49	54		115
Chewing and smoking	Mil. lb.	1.4	1.7	2.1	2.5	1.8	2.3	2.6		124
Personal income 2/	Bil. dol.	286	287	288	286	286	286	286		99
Index of industrial production (revised) 3/	1947-49=100	137	136	137	136	124	124	124		91
Employment										
Labor force employed	Million	61.7	63.2	63.1	63.1	61.1	62.1	62.1	62.3	98
	Percent	97.9	97.6	97.6	98.1	94.9	94.9	94.9	95.0	97
Exports (farm-sales wt.)										
Flue-cured	Mil. lb.	35.0	28.0	21.5	29.2	23.3	20.2	22.9		107
Burley	Mil. lb.	1.7	5.7	3.2	2.1	5.6	4.2	3.6		112
Maryland	Mil. lb.	.5	.5	.9	1.1	.8	1.0	.5		56
Fire-cured	Mil. lb.	1.7	2.2	.8	1.6	1.7	3.5	4.8		600
Dark air-cured	Mil. lb.	.4	.5	.4	.4	.4	.4	.3		75
Cigar	Mil. lb.	.9	.6	.7	.8	.3	.6	.4		57
Accumulated from beginning of marketing yr. 4/										
Flue-cured	Mil. lb.	388.3	416.3	21.5	50.7	411.1	431.2	22.9		107
Burley	Mil. lb.	16.1	21.9	25.1	27.5	22.3	26.5	30.2		120
Maryland	Mil. lb.	4.2	4.7	5.6	7.0	4.8	5.8	6.3		112
Fire-cured	Mil. lb.	22.6	24.8	25.7	27.3	17.6	21.2	25.9		101
Dark air-cured	Mil. lb.	4.2	4.7	5.1	5.5	4.4	4.8	5.1		100
Cigar filler and binder	Mil. lb.	3.4	3.5	3.8	4.3	1.7	1.8	1.9		50
Cigar wrapper	Mil. lb.	3.9	4.4	.4	.7	3.3	3.8	.2		50
U.S. imports, all commodities	Mil. dol.	891	924	893	835	830	972	820		92
Accumulated from Jan. 1	Mil. dol.	4,642	5,566	6,459	7,294	4,307	5,278	6,098		94
Sterling area gold and dollar reserves 5/	Mil. dol.	2,321	2,367	2,456	2,469	2,985	3,017	3,013		123
Stocks of domestic types (farm-sales weight) 6/										
Flue-cured	Mil. lb.			1,852				1,915		103
Burley	Mil. lb.			1,302				1,330		102
Maryland	Mil. lb.			72				69		96
Fire-cured	Mil. lb.			160				146		91
Dark air-cured	Mil. lb.			84				82		98
Cigar, filler	Mil. lb.			214				199		93
Cigar, binder	Mil. lb.			136				134		99
Cigar, wrapper	Mil. lb.			19				18		95

1/ Prices paid, interest, taxes, and farm wage rates. 2/ Annual rate, seasonally adjusted. 3/ Adjusted for seasonal variation. 4/ July 1 for flue-cured and cigar wrapper and October 1 for other types. 5/ Held in London. 6/ Dealers' and manufacturers' holdings in United States and Puerto Rico on first day of quarter.

THE TOBACCO SITUATION

Approved by the Outlook and Situation Board, September 21, 1954

CONTENTS

	<u>Page</u>		<u>Page</u>
Summary	3- 6	Imports and U. S. stocks	25-27
Tobacco products	6-17	Outlook & situation--leaf tob.	27-47
Cigarettes	6- 9	Flue-cured, types 11-14	27-31
Cigars & per capitatables	9-14	Burley, type 31	31-33
Smoking tobacco	14-16	Maryland, type 32	33-36
Chewing tobacco	16	Fire-cured, types 21-23	36-38
Snuff	16-17	Dark air-cured, types 35-37	38-41
Exports of U. S. tobacco .	17-20	Cigar, types 41-62	41-47
Foreign grown tobacco ...	20-21	Tables--Acres, yields, cash receipts, taxes, and profits	48-52
British tobacco situation	22-25		

SUMMARY

Domestic use of most kinds of tobacco in 1954-55 is expected to be about as large as or a little larger than in 1953-54. Exports of unmanufactured tobacco during 1954-55 probably will be moderately above 1953-54.

Cigarette consumption declined some further this year after falling a little below the 1952 record last year, but it continues high compared with nearly all other previous years. The 1955 cigarette output is expected to be within the range of recent years. Domestic demand for cigarette tobacco (flue-cured, Burley, and Maryland) is expected to continue firm.

The 1954 cigarette output is estimated at approximately 413 billion--2 or 3 percent lower than in 1953. Domestic consumption of cigarettes trended upward for many years to a peak in 1952, but has faltered in the past year or two. Several factors have probably contributed. Consumer incomes, though high in the aggregate, have been lower for some groups, communities, and industries. Since the moderate increase in early 1953, cigarette prices have been higher than for many years. State tax levies, ranging mostly from 2 to 6 cents per pack, in many States make cigarettes considerably higher priced in some States than others. The considerable publicity concerning the effect of cigarettes on health in the past year is often cited as adversely affecting consumption. Another factor may be the decline between 1952 and 1955 in the number of persons in the population aged 20 to 39 and the increase in the older age brackets. It seems likely that a smaller percentage in the older age brackets smoke cigarettes and probably average fewer per smoker than in the lower age groups.

Cigar consumption in the United States and by overseas forces in 1954 is expected to be close to 6 billion--about 1 percent less than in 1953. Since 1930, annual cigar consumption has been near 6 billion or over only 4 times. The 1955 level is again expected to be near 6 billion.

The 1954 output of smoking tobacco, mainly for pipes and roll-your-own cigarettes, is expected to approach 84 million pounds--about 3 percent less than last year's record low. Roll-your-own cigarettes apparently are continuing to decline but as much tobacco probably will be used in pipe smoking in 1955 as this year and perhaps a little more.

The 1954 output of chewing tobacco, estimated at about 82 million pounds, is a little below last year and a record low. The gradual down trend is likely to persist in the years ahead.

The 1954 output of snuff is expected to be near 39 million pounds--about 1 percent more than in 1953. About the same level is likely in 1955.

The calendar year 1954 exports of tobacco will be a little smaller than in 1953. The 1953 figure was comparatively large because of the substantial shipment to Britain in the first half of 1953 that normally would have occurred in the latter part of 1952. On a marketing year basis, the 1954-55 exports of tobacco are expected to be moderately above the 460 million pounds (515 million--farm-sales weight) estimated for 1953-54.

Gold and dollar reserves of important importing countries have improved in the past year. Tobacco consumption in the United Kingdom and several other countries has been above a year earlier and stocks of United States tobacco are low in relation to requirements. Recent legislation authorizing the acceptance of local currencies for sales in excess of usual marketings should benefit tobacco exports. Prices for many flue-cured grades this season are a little lower, which should favor greater exports. However, United States tobacco is facing increasing foreign competition because of the sharp upswing in production in some areas. Trade restrictions by some importing countries have been lessened, but in many countries continue to limit United States tobacco exports.

Supplies of most kinds of tobacco for 1954-55 are fairly large and those of flue-cured and Burley are larger than in 1953-54. The 1955 marketing quotas and acreage allotments for the several kinds of tobacco will be announced by the Secretary of Agriculture prior to December 1. Quotas on the 1955 crops of flue-cured, Burley, Virginia sun-cured, and cigar filler and binder (types 42-44 and 51-55) were approved by growers in previous referenda. Growers of fire-cured, dark air-cured, Maryland tobacco, and Pennsylvania filler will vote later this year on 3 alternatives; (1) in favor of quotas on their next 3 crops, (2) in favor quotas on their 1955 crop only, or (3) against quotas.

Prices of the 1955 crops of flue-cured, Burley, and cigar filler and binder (types 42-44 and 51-55) will be supported at 90 percent of parity, and Virginia sun-cured at 66-2/3 percent of the Burley support level. If quotas are approved by fire-cured and dark air-cured growers,

their 1955 price supports will be 75 and 66-2/3 percent of the Burley support level. If quotas are approved by Maryland, and Pennsylvania filler growers on their 1955 crops, supports will be at 90 percent of parity.

According to the September 1 estimate, the flue-cured tobacco crop is about 1,363 million pounds--7 percent larger than last year when production in the Old Belt was hard hit by drought. Carryover is up 3 percent and the total supply for 1954-55 is 5 percent greater than for 1953-54. Domestic use of flue-cured in 1953-54 dropped off 6 percent from the record of 1952-53 but may increase some in 1954-55. Flue-cured exports rose 4 percent from 1952-53 to 1953-54 and a further moderate increase is expected in 1954-55. British takings in 1953-54, though 23 percent above 1952-53, were the second lowest since the early years of World War II. Germany got 22 percent less than a year earlier. Netherlands, Australia, Ireland, and Indonesia (4 of the next 5 ranking outlets), all took more in 1953-54 than in 1952-53. Moderately less went to the Philippines.

Marketings of the 1954 crop flue-cured are in full swing and prices through September 20 averaged 51.1 cents per pound--6.8 percent lower than in the comparable period of last season. The Government support level at 47.9 cents is the same as for the 1953 season. Through September 17, growers placed about 8 percent of deliveries under Government loan compared with 12 percent in the entire 1953 season.

Burley production is near 564 million pounds--about 1 percent below the 1953 harvest according to the September estimate. The total supply--production plus carryover--is estimated to be about 1½ percent greater than for 1953-54. Total disappearance of Burley during 1953-54 was a little lower than a year earlier. Domestic use declined some but exports, accounting for about 6 percent of total disappearance, were larger. Burley tobacco auctions usually begin around December 1. The 1954 support level will be nearly the same as for the 1953 crop. Last year's crop--one of the best ever produced--averaged a record 52½ cents per pound.

The 1954 Maryland crop is estimated to be less than that of 1953. The carryover probably will be down a little, and the 1954-55 total supply probably will not be quite as large as for 1953-54. The 1953 crop was auctioned between May 4 and August 6 of this year and averaged 53½ cents--7 percent above the previous season. Prices of the 1953 crop were supported but the 1954 Maryland crop will not have support.

The total supply of fire-cured tobacco for 1954-55 is estimated to be a little lower than for 1953-54. Although this year's crop is significantly larger than last year's, which was hard hit by drought, the increase probably was not enough to offset the sizable drop in carryover. The 1953-54 domestic use probably exceeded the preceding year's but exports are estimated as holding about even. Auctions usually begin for Virginia fire-cured in late November and for Kentucky-Tennessee fire-cured, in January. The 1954 support level is nearly the same as in the 1953 season.

The total supply of dark air-cured for 1954-55 is practically the same as for 1953-54. The crop is larger than last year's, which was reduced by drought, but carryover is down some. The 1953-54 disappearance is estimated to be slightly above 1952-53. Marketing usually begins in the latter part of November. The Government price support level is nearly the same as in the 1953 season.

The 1954-55 supply of continental cigar filler is estimated at 5 percent lower than for 1953-54. This year's production may be one-fifth larger than the small 1953 crop but carryover is probably the lowest in 6 or 7 years. The 1954-55 supply of the combined binder types is estimated at about 3 percent below the 1953-54 level. Total production may be a little larger because of the increases in Wisconsin but the Connecticut Valley indication is somewhat lower than last year's harvest due to hail and hurricane damage. Carryover of binder types is estimated to be smaller than a year ago. Seven types or groups of types of filler and binder will receive Government price support on the 1954 crops at levels not much different than last season.

The 1954-55 supply of domestically grown cigar wrapper is slightly lower than for 1953-54. This year's production is larger due to the increase in the Georgia-Florida crop. Carryover is down from a year ago. The 1953-54 disappearance of wrapper was 5 percent less than the record 1952-53 quantity. Domestic use was down a little and exports were moderately lower.

TOBACCO PRODUCTS

Cigarettes

Cigarette output in the United States is expected to be approximately 413 billion this year--2 or 3 percent lower than in 1953. This would be the second year that cigarettes have dropped off after hitting a peak of 435 1/2 billion in 1952. About nine-tenths of the output is consumed in this country and the rest mostly goes to overseas forces and as commercial exports. The 1954 tax-paid removals--a commonly accepted approximate measure of domestic consumption--are now estimated at 378 billion--2.3 percent below 1953 and 4.1 percent below the record 1952 figure. This contrasts with a yearly rate of gain of 3 1/2 percent from 1946 to 1952. The number of cigarettes smoked in 1955 is not expected to vary much from that of the last few years.

The king size cigarettes, which require around one-sixth more tobacco per 1,000 than the regular size, probably continued to gain in 1954. For several brands, consumers pay no more than for regular size cigarettes. Although official survey data are lacking, smokers of king size may tend to smoke slightly fewer daily than users of regular size cigarettes.

Filter tip cigarettes are probably showing sharp relative increases over a year or two ago. All major manufacturers are now promoting such brands, and a large proportion are king size length. The king size

Table 1.- Cigarettes: Total output, domestic consumption and exports, for specified periods

Period	Total output	Domestic consumption ^{1/}	Tax-free removals ^{2/}	
	Billions	Billions	Total Billions	Exports Billions
<i>Average:</i>				
1925-29	3/107.5	98.2	3/9.3	9.0
1935-39	164.2	157.0	7.2	5.5
1940-44	256.9	223.5	33.3	5.8
1945	332.2	267.2	65.0	6.9
1946	350.0	321.7	30.7	24.1
1947	369.7	335.4	34.3	22.8
1948	386.3	348.5	38.7	25.2
1949	385.0	351.8	33.2	19.5
1950	392.0	360.2	31.8	14.3
1951	428.8	379.7	38.9	16.8
1952	435.5	394.1	40.0	16.4
1953	423.1	386.8	37.0	16.2
1954 ^{4/}	413.0	378.0	34.0	15.5
<i>Year beginning July</i>				
1949	383.3	354.8	28.6	16.3
1950	407.3	369.2	38.1	15.5
1951	422.1	383.0	38.2	16.5
1952	436.5	397.0	39.5	17.0
1953	413.6	377.7	35.6	15.6

^{1/} As indicated by tax-paid removals. ^{2/} In addition to exports, tax-free removals include principally shipments to forces overseas, to United States possessions, and ships' stores. ^{3/} Includes output in bonded factories--of importance in 1925-29, but not in subsequent periods.

^{4/} Preliminary estimate.

Basic data but not the estimates compiled from reports of the Internal Revenue Service and of the United States Department of Commerce.

filter tip cigarettes probably contain about the same quantity of tobacco per 1,000 as regular size cigarettes. Filter tip cigarettes are often priced around 8 to 15 percent or more above the leading regular and king size brands.

The publicity given to the effects of cigarettes on health may be a factor that has affected cigarette consumption in the past year. Some industry spokesmen hold this view.

Table 2.- Cigarette exports from the United States to leading countries for specified periods

Country	Year beginning		January-July			
	Average	July				1954 as
	1934-38	:				percent
	(calendar year)	1952	1953	1953	1954	: age of
	:	1/	1/	1/	1/	1953
	Millions	Millions	Millions	Millions	Millions	Percent
Tangier & French Morocco	12	2,341	1,862	1,178	909	77
Venezuela	39	1,394	1,455	795	852	107
Hong Kong	22	826	924	527	478	85
Belgium	63	1,048	868	565	349	72
Sweden	80	740	865	558	452	86
Panama & Canal Zone	389	809	805	449	381	85
Netherlands Antilles	1,221	845	632	485	452	83
France	307	981	574	544	496	89
Canada	12	542	535	280	245	97
British Malaya	3	580	506	253	274	98
Other countries	2,622	6,871	6,599	4,086	4,160	102
Total all countries	4,770	16,977	15,625	9,720	9,048	93

1/ Preliminary.

Compiled from publications and records of the United States Department of Commerce.

Cigarette prices have been stable since the moderate increase in late February 1953 though smokers that switched to filter tip and king size pay higher prices for filter tips and some king size brands. Some king size brands retail at the same price as regular size. Disposable consumer income as a whole has continued high but some industries, communities, and groups have had fairly serious declines.

Also, it is possible that a change in the age distribution of the population may be influencing cigarette consumption. Population estimates indicate that the number of people in the 20 to 39 age bracket decreases between 1952 and 1955. A larger percentage of those in this group than in the older brackets tend to be cigarette smokers and on the average, they probably smoke more per day. Growth in the adult population (20 and over) between 1952 and 1955 is due to increases in the number 40 years and over. The number aged 60 and above is increasing at a faster rate than those aged 40 to 59. The young adults, those aged 15 to 19, increase at an average rate of nearly 1 3/4 percent per year between 1952 and 1955.

The decline in the number of adults in the 20 to 39 age group probably is partly responsible for the fact that cigarette consumption has not risen in line with the nearly 1 percent annual increase in the population 15 years and over between 1952 and 1955. Large additions to the 14 years and under group have been made because of the high birth rate during and since the war. Total population increases an average of about 1 2/3 percent annually from 1952 to 1955.

The Federal tax on cigarettes has been 8 cents per package of 20 since November 1, 1951. Under existing legislation, the Federal tax on cigarettes will be reduced to 7 cents on April 1, 1955. In the fiscal year 1953-54, Federal tax collections on cigarettes totaled 1,514 million dollars. In addition in 1953-54, 41 States (also the District of Columbia) that tax cigarettes had an estimated gross collection of around 490 million dollars--or an average of 3.4 cents per package of 20 for sales in those areas. Several cities and smaller communities also tax cigarettes but data are not available for estimating their collections.

The major categories of tax-free cigarettes--shipments to overseas forces and commercial exports--are likely to be lower in 1954 than a year earlier. Most of the drop since 1952 has been in shipments to overseas forces. Commercial exports of manufactured cigarettes in recent years have been an equivalent of around 50 million pounds of leaf (farm-sales weight). For principal destinations and comparisons for recent periods, see table 2.

Cigars

Cigar consumption in the United States and by overseas forces in 1954 is expected to be close to 6 billion--about 1 percent less than in 1953, which was the highest year since 1930. The consumption of cigars was also near 6 billion in 1941, 1942, and 1946. During the 1920's cigar consumption ranged between 6.2 and 7.4 billion.

Cigar consumption in 1955 seems likely to be maintained fairly near the estimated level for this year. Manufacturers' prices of cigars have continued stable. The Bureau of Labor Statistics indexes of manufacturers' prices for cigars in three categories--"popular," "medium," and "high" were unchanged in the year ending with August. The index for low-priced cigars advanced slightly from June to July of this year. Slight increases occurred in the medium-and high-priced categories between June and July of last year. For the four categories combined, manufacturers' prices are 3.7 percent above the 1947-49 average.

During the first half of 1954, the number of cigars retailing at 4.1 to 8.0 cents declined 2.5 percent and the number in the 8.1-to-15-cent bracket declined 2.7 percent below the same period of 1953. These two price groups accounted for about 47 3/4 and 42 1/2 percent of all cigars, respectively. The 6 percent selling for more than 15 cents each numbered almost the same as in the comparable 6 months of 1953 but the remaining 3 3/4 percent selling for 4 cents or less were one-tenth fewer.

Table 3.- Tobacco products: Consumption per capita,
15 years and over, 1920-54

(Unstemmed-processing weight)

Year	Cigarettes		Cigars		Smoking, chewing, and snuff		Total tobacco products	
	In U. S.		In U. S.		In U. S.		In U. S.	
	In	and by	In	and by	In	and by	In	and by
	U. S.	overseas	U. S.	overseas	U. S.	overseas	U. S.	overseas
	forces 1/		U. S.	overseas	U. S.	overseas	U. S.	overseas
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
1920	1.89		2.45		4.33		8.67	
1921	2.07		2.00		4.14		8.21	
1922	2.14		2.16		4.28		8.58	
1923	2.51		2.21		4.26		8.98	
1924	2.69		2.06		4.06		8.81	
1925	2.96		1.99		4.03		8.98	
1926	3.17		1.99		3.87		9.03	
1927	3.42		1.93		3.61		8.96	
1928	3.58		1.91		3.44		8.93	
1929	3.91		1.86		3.44		9.21	
1930	3.84		1.67		3.34		8.85	
1931	3.63		1.53		3.29		8.45	
1932	3.21		1.24		3.19		7.64	
1933	3.49		1.23		3.07		7.79	
1934	3.94		1.29		3.11		8.34	
1935	4.11		1.30		2.80		8.21	
1936	4.61		1.40		2.81		8.82	
1937	4.81		1.40		2.74		8.95	
1938	4.76		1.31		2.68		8.75	
1939	4.95		1.32		2.56		8.83	
1940	5.13	5.16	1.36	1.36	2.60	2.60	9.09	9.12
1941	5.89	5.95	1.42	1.42	2.41	2.41	9.72	9.78
1942	6.80	7.01	1.41	1.41	2.27	2.27	10.48	10.69
1943	7.43	7.99	1.27	1.28	2.19	2.19	10.89	11.46
1944	6.87	8.04	1.19	1.22	1.97	1.96	10.03	11.22
1945	7.76	9.15	1.23	1.26	2.10	2.05	11.09	12.46
1946	8.75	9.24	1.36	1.37	1.58	1.59	11.69	12.20
1947	8.96	9.16	1.29	1.29	1.51	1.50	11.76	11.95
1948	9.13	9.35	1.31	1.31	1.46	1.46	11.90	12.12
1949	9.15	9.33	1.16	1.16	1.44	1.44	11.75	11.93
1950	9.16	9.36	1.18	1.18	1.42	1.42	11.76	11.96
1951	9.64	9.98	1.18	1.19	1.31	1.31	12.13	12.48
1952	9.98	10.41	1.27	1.26	1.25	1.25	12.50	12.92
1953	9.82	10.24	1.26	1.26	1.19	1.18	12.27	12.68
1954 2/	9.57	9.92	1.23	1.24	1.16	1.16	11.96	12.32

1/ Data are not available to adjust for quantities that were lost, destroyed, bartered, etc., under war and postwar conditions, but in relation to totals, such adjustments probably would be small. 2/ Preliminary estimate.

Table 4.- Index numbers of tobacco consumption per capita,
15 years and over, by products, 1920-54 1/

Year	(1947-49 = 100)					Total 2/
	Cigarettes 2/	Cigars 2/	Smoking 3/	Chewing 3/	Snuff 3/	
1920	20	195	201	360	134	72
1921	22	160	205	317	130	68
1922	23	173	228	329	137	71
1923	27	176	210	328	139	75
1924	29	165	220	304	134	73
1925	32	159	217	302	127	75
1926	34	159	210	295	126	75
1927	37	154	198	275	131	75
1928	39	152	189	262	130	74
1929	42	149	187	250	126	77
1930	41	133	193	223	124	74
1931	39	122	212	194	121	70
1932	35	99	220	156	110	64
1933	38	98	218	146	108	65
1934	42	103	215	145	109	69
1935	44	104	212	143	105	68
1936	50	112	211	142	109	73
1937	52	112	202	140	105	75
1938	51	104	212	128	104	73
1939	53	105	212	121	105	74
1940	56	108	211	118	103	76
1941	64	113	199	121	106	81
1942	76	112	173	129	109	89
1943	86	102	155	131	113	95
1944	87	97	141	139	109	93
1945	99	101	165	128	112	104
1946	100	109	102	121	101	102
1947	99	103	99	105	99	100
1948	101	104	101	101	101	101
1949	101	93	100	94	100	99
1950	101	94	98	91	97	100
1951	108	95	91	89	94	104
1952	112	100	86	87	92	108
1953	110	101	78	84	91	106
1954 4/	107	99	75	83	91	103

1/ Including overseas forces beginning 1940. 2/ Based on unstemmed-processing weight equivalents. 3/ based on manufactured weights.

4/ Preliminary estimate.

Domestic factories provide the great bulk of the cigars consumed in this country. Bonded manufacturing warehouses, which use only imported tobacco plus those imported readymade from Cuba, account for nearly two-fifths of those selling for over 15 cents apiece.

The number of cigars from Puerto Rico has risen rapidly in the past year and probably will be 4 to 5 times the 1953 figure. Practically all of these come from a new modern factory recently built there by a leading United States firm.

Table 5.- Cigars 1/: Output and domestic consumption for specified periods

Period	Domestic factories			Bonded manufacturing warehouses			Imports for consumption			From Puerto Rico: Tax-paid with-drawals in	
	Total output	Tax-paid removals	Tax-free removals	Tax-paid removals	Total	Philip-pines	From Cuba	United States			
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	
Average:											
1925-29	6,474	6,454	21	28	218.0	190.0	28.0	166.0			
1935-39	5,075	5,060	13	66	192.4	189.2	3.0	27.4			
1940-44	5,450	5,282	199	105	93.7	78.4	15.3	11.6			
1945	5,275	4,774	469	82	60.0	.0	59.8	85.3			
1946	5,618	5,621	26	125	22.2	2.0	20.1	77.8			
1947	5,488	5,460	41	124	12.5	3.2	9.1	6.2			
1948	5,645	5,588	38	140	11.8	1.4	10.3	5.0			
1949	5,453	5,399	46	142	10.9	.6	10.2	4.6			
1950	5,399	5,365	47	158	11.9	.7	11.1	.7			
1951	5,594	5,518	85	171	14.3	1.3	13.0	.7			
1952	5,825	5,755	102	184	14.6	1.9	12.5	1.9			
1953	5,945	5,817	90	2/190	16.8	2.9	13.4	9.9			
1954 2/	5,850	5,725	95	2/190	17.0	3.2	13.4	45.0			
Fiscal year											
Year begin-ning July											
1949	5,435	5,298	39	148	10.7	.6	10.0	.6			
1950	5,532	5,486	70	168	13.3	1.2	12.0	.7			
1951	5,687	5,617	87	171	14.4	1.2	13.0	.7			
1952	5,912	5,788	94	184	15.6	2.7	12.6	3.3			
1953	5,849	5,736	89	2/190	16.8	3.2	13.2	30.0			

1/ Weighing over 3 pounds per 1,000 and including cigarillos. 2/ Preliminary estimate.

Basic data but not estimates compiled from reports of the Internal Revenue Service and the United States Department of Commerce.

Table 6.- Consumption of cigars, smoking and chewing tobacco per male 15 years and over in the United States and overseas forces, 1920-54

Year	Cigars 1/	Cigars 2/	Smoking tobacco 3/	Chewing tobacco 3/
	Number	Pounds	Pounds	Pounds
1920	228.8	4.72	3.79	5.99
1921	183.7	3.84	3.87	5.28
1922	188.8	4.19	4.33	5.50
1923	189.3	4.29	3.99	5.49
1924	174.7	4.00	4.18	5.08
1925	170.4	3.88	4.12	5.05
1926	167.6	3.89	3.99	4.94
1927	163.2	3.77	3.77	4.61
1928	158.9	3.73	3.59	4.40
1929	157.7	3.64	3.56	4.20
1930	141.6	3.28	3.69	3.75
1931	127.2	3.00	4.06	3.26
1932	103.7	2.44	4.21	2.63
1933	100.7	2.42	4.17	2.47
1934	105.3	2.53	4.12	2.45
1935	107.1	2.57	4.07	2.43
1936	114.1	2.77	4.07	2.41
1937	115.1	2.78	3.89	2.38
1938	110.8	2.60	4.09	2.18
1939	111.8	2.62	4.09	2.07
1940	112.5	2.70	4.08	2.01
1941	117.7	2.83	3.86	2.06
1942	117.5	2.81	3.35	2.21
1943	105.1	2.56	2.99	2.23
1944	98.5	2.43	2.72	2.37
1945	104.9	2.53	3.19	2.20
1946	112.9	2.75	1.99	2.07
1947	105.4	2.60	1.93	1.81
1948	107.0	2.63	1.97	1.74
1949	102.8	2.35	1.95	1.61
1950	101.5	2.38	1.91	1.57
1951	104.0	2.40	1.78	1.53
1952	108.0	2.55	1.69	1.50
1953	108.6	2.56	1.52	1.45
1954 4/	106.5	2.51	1.48	1.43

1/ Weighing 3 pounds and over per 1,000 and includes cigarillos.

2/ Unstemmed processing weight. 3/ Manufactured weight. 4/ Preliminary estimate.

During January-July, total tax-free cigars were 15 percent above the same period of a year earlier. Shipments to overseas personnel accounts for the predominant share of tax-free cigars. Regular exports to foreign countries are tax-free but account for a very small share of total output (6 million in 1953). The January-July exports of cigars were well above the same period of 1953. The quantity to Belgium was up sharply. Other important outlets were Canada, Canal Zone, Saudi Arabia, and Union of South Africa.

Table 6 contains two new series on cigars smoked per male 15 years and over: (1) number and (2) the equivalent pounds of unstemmed tobacco (processing weight). The 1954 estimated number is 2 percent below last year, when it was the highest since 1942 except for 1946. The average number per male in the recent 3 years lagged behind each year from 1936 through 1942 and was far below the level of the 1920's. The average unstemmed tobacco equivalent per cigar varies somewhat from year to year and since 1949, has tended to be less than for many prior years. Consequently year-to-year comparisons of consumption per male in terms of pounds often do not coincide exactly with the comparisons in terms of numbers.

Smoking Tobacco

The output of smoking tobacco in 1954 is expected to approach 84 million pounds--about 2 million pounds less than in 1953. After the sharp drop at the end of World War II, smoking tobacco consumption remained stable from 1946 to 1950. However in each year since then, it has dropped to a new low for this century and the 1954 estimate is about one-fifth smaller than the 1946-50 average. Major uses of smoking tobacco are for pipes and roll-your-own cigarettes. Tobacco smoked in this form is generally more economical than in the other products. With the relatively high consumer income of recent years, the annual use of smoking tobacco has been less than one-half that of the 1930's, when consumer incomes were substantially lower.

It seems probable that consumption of roll-your-own cigarettes will continue to decline but the volume smoked in pipes in 1955 is expected to be at least as large as in 1954. Scattered trade journal reports indicate some stimulus to pipe smoking may result if a switch is made by some cigarette smokers influenced by the publicity pertaining to cigarettes and health.

Roll-your-own cigarettes are made by consumers with packets of papers, some of which are given away with the tobacco and some of which are bought separately. Cigarette papers generally given away in packets of 25 or less are tax-free and in recent years, probably account for less than one-half of total roll-your-own cigarettes. Current monthly data on tax-free cigarette papers are not available. However, tax collections on tax-paid papers for the first 6 months of 1954 indicate a decline of 11 percent below the same period of 1953.

Table 7.- Output of manufactured tobacco in the United States
for specified periods

Period	Chewing							Snuff	
	Smoking:		Fine-	Scrap	Total				
	Plug	Twist	cut						
	Million pounds								
Average:									
1925-29	161.1	104.5	8.8	6.2	77.4	196.9	39.6		
1935-39	195.3	56.8	6.0	4.8	43.8	111.4	37.3		
1940-44	176.2	54.8	6.0	4.6	47.9	113.3	40.7		
1945	168.5	59.7	6.7	4.0	47.7	118.1	43.8		
1946	106.4	51.8	5.8	3.8	46.1	107.5	39.4		
1947	104.7	47.3	5.2	3.8	42.2	98.5	39.2		
1948	107.6	45.3	5.6	3.2	42.1	96.2	40.8		
1949	108.1	41.9	5.6	2.8	39.6	89.9	40.9		
1950	107.7	40.3	5.5	2.7	39.0	87.5	40.0		
1951	101.3	39.9	4.6	2.8	39.1	86.4	39.5		
1952	96.8	39.1	4.8	2.8	38.2	84.9	38.8		
1953	86.3	38.0	4.6	2.8	37.8	83.2	38.6		
1954 <u>1/</u>	84.0	37.0	4.8	2.9	37.0	81.7	39.0		
Year beginning July									
1949	108.7	41.3	5.5	2.8	39.5	89.1	40.7		
1950	106.0	40.1	5.1	2.8	39.7	87.7	40.4		
1951	98.0	39.4	4.5	2.8	39.0	85.7	39.1		
1952	92.3	38.5	4.9	2.8	37.5	83.7	38.1		
1953	83.1	37.6	4.7	2.9	37.5	82.7	39.0		

1/ Preliminary estimate.

Basic data but not the estimates compiled from reports of the Internal Revenue Service.

The BLS index of manufacturers' prices for smoking tobacco was unchanged from June 1953 through May 1954 at $19\frac{1}{2}$ percent above the 1947-49 level but then increased slightly and in August, was $1-1/4$ percent above May. The last major change in this index occurred in late 1951. The prices upon which this index is based are adjusted to exclude the Federal excise tax. This tax was reduced from 18 to 10 cents per pound in November 1951, but since manufacturers' prices excluding the tax increased at that time, it is assumed that the tax reduction primarily benefited the manufacturers. Prices paid by farmers for smoking tobacco in mid-1954 were about $1\frac{3}{4}$ percent above late 1951 and 13 percent above 1947-49.

Exports of packaged smoking tobacco in January-July 1954 at 321,000 pounds was 15 percent lower than in the same period of 1953. Exports of smoking tobacco in bulk at 2.4 million pounds was 4 percent lower than in the same period of 1953 although relatively high compared to most other years. Included in this latter category, are cigarette tobacco (especially prepared), cut or granulated tobacco, partially processed-blended tobaccos --stripped or unstemmed--, and shredded tobacco. Spain, the Philippine Republic, the Dominican Republic, Haiti, Bolivia, Panama, and Mexico are the main destinations for exported bulk smoking tobacco.

A new series on smoking tobacco consumption per male 15 years and over is contained in table 6. The 1953 and 1954 estimates, about $1\frac{1}{2}$ pounds per male, are the lowest on record--22 percent below 1947-49 and 63 percent below 1935-39.

Chewing Tobacco

The 1954 output of chewing tobacco is estimated at around 82 million pounds compared with 83 million in 1953 and 85 million in 1952. The decline has slowed somewhat in the past 4 years but a gradual downward trend seems likely in the years ahead. Plug and scrap, each with about equal volume, account for nine-tenths of total chewing tobacco. Plug has dropped about 16 percent and scrap, about 10 percent since 1947-49. The smaller categories, twist and fine-cut, have each been stable over the past 4 years at 10 to 15 percent lower than their 1947-49 averages.

Except for the 12.6 percent increase in late 1951, the BLS index for manufacturers' prices of plug chewing tobacco has been unchanged for over 7-3/4 years. The prices upon which the index is based are adjusted to exclude the Federal excise tax. The tax was reduced from 18 to 10 cents per pound on November 1, 1951. The rise in the index at that time indicates that the tax reduction was beneficial to manufacturers.

The great bulk of the chewing tobacco output is consumed domestically. The 1953 exports of chewing tobacco were 1.6 million pounds and in the recent 5 years, they have ranged between 1.4 and 1.9 million pounds. During January-July 1954, exports totaled 0.9 million pounds--31 percent above the same period of 1953. Major destinations are Australia, Philippine Republic, Panama Canal Zone, and the French Pacific Islands.

Table 6 contains a new series on consumption of chewing tobacco per male 15 years and over. The 1953 and 1954 estimates at a little over 1.4 pounds used per male is about 16 percent below 1947-49, 37 percent below 1935-39, and 69 percent below 1925-29.

Snuff

The 1954 output of snuff is expected to be near 39 million pounds--about 1 percent above the level of the last 2 years. The 1955 output probably will be little different from this year's estimate. Consumption of domestic manufacture is almost entirely in this country, principally in the South and certain areas of the Northwest. Snuff consumption in the aggregate has been comparatively stable for many years, which means a

decline in use per adult. Consumption per capita, 15 years and over, is about 8 percent below 1947-49, 15 percent below 1935-39, and 28 percent below 1925-29.

The BLS index of snuff prices has been constant at 32 percent above the 1947-49 level for about the last 2-3/4 years. The prices on which this index is based are adjusted to exclude the Federal excise tax. The reduction in the Federal excise tax from 18 to 10 cents per pound on November 1, 1951, primarily benefited the manufacturers. The manufacturers' prices excluding tax advanced over 7 percent from October to November in 1951 and no change has been reported since.

EXPORTS OF UNMANUFACTURED TOBACCO FROM THE UNITED STATES 1/

Exports of unmanufactured tobacco in calendar 1954 are expected to total near 485 million pounds (declared weight)--about 6 percent less than in 1953. The 1953 figure of nearly 519 million--larger than for any other year since 1946--was boosted by the large shipments of tobacco to Britain in the first half of 1953 that normally would have been made in the latter part of 1952. The 1952 figure was 397 million pounds--the lowest in 8 years. The estimated 1954 exports may exceed by 7 percent the average of the comparatively high 1953 and low 1952 figures.

On a marketing year basis, the 1953-54 exports of tobacco at approximately 460 million pounds (515 million--farm-sales weight) are about $3\frac{1}{2}$ percent above 1952-53 and in 1954-55, a somewhat larger increase is likely. Average prices for numerous grades of flue-cured, the predominant export class, have tended to be a little lower than a year earlier. A number of important foreign countries that import significant quantities of United States tobacco have improved their gold and dollar position over the past year or two. The sterling area gold and dollar reserves at the end of July were over 3 billion dollars--23 percent above a year earlier. Although the increase in these reserves has been very substantial in the past 2 years, they have not reached the 3.7 billion dollar average of January-August 1951. In mid-1954, gold reserves of Germany, Netherlands, Belgium, Portugal, and Sweden were notably higher than a year earlier. Those of France, Switzerland, Denmark, Spain, Italy, Thailand, and Egypt were approximately the same as a year earlier and of Norway, were down some. Between mid-1953 and mid-1954, short term liabilities to foreigners by banks in the United States (principally demand deposits and United States Government obligations) increased sharply for Germany, France, Italy, Austria, Denmark, Sweden, Portugal, and Finland. There was a moderate increase for the United Kingdom and relatively smaller ones for Netherlands and India, but declines occurred for Switzerland, Belgium, the Philippine Republic, Australia, Thailand, and Egypt. Short term liabilities to Indonesia increased but they were still fairly low compared with other earlier years. Benelux--the customs union of Belgium, Netherlands, and Luxemburg--has ended import restrictions on unmanufactured tobacco from dollar areas.

1/ Quantities of tobacco in this section are stated in terms of export weight, which is less than the equivalent farm-sales weight.

Table 8.- United States exports of unmanufactured tobacco, to principal importing countries, by types, for specified periods

Country and type	(Declared weight)							
	Calendar year		Year beginning		January-July			
	Average	Average	Average	1952	1953	1953	1954	1954 as percent age of 1953
	:1924-28:1934-38:1947-51:			1/	1/	1/	1/	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Percent
Flue-cured	2/324.0	324.9	388.1	368.7	382.7	196.1	135.8	69
Burley	8.9	11.6	32.9	29.2	29.2	15.3	19.8	129
Maryland	14.3	5.5	7.3	6.3	8.5	4.2	4.3	102
Va. sun-cured	---	---	---	.1	.1	3/	3/	---
Va. fire-cured	22.6	9.7	6.0	4.9	4.2	1.8	2.0	111
Ky. & Tenn. "	2/126.6	53.7	24.6	21.6	18.2	11.5	13.6	118
One Sucker	3/	.7	3.1	1.3	.8	.6	.4	67
Green River	15.8	3.0	1.7	1.5	1.5	1.3	.9	69
Black Fat, etc.	2/2.0	9.0	4.7	3.1	4.3	1.9	2.2	116
Cigar wrapper	)	)	)	3.9	3.4	2.4	1.7	71
Cigar binder	) .8	) 1.3	) 9.8	3.8	1.9	1.9	.8	42
Cigar filler	)	)	)	.6	.6	.3	.2	67
Perique	2/1	.1	.1	.1	.1	3/	3/	---
Stems, trimmings, and scrap	12.0	17.8	8.1	3.2	3.0	1.5	1.3	87
Total	527.1	437.3	486.4	448.3	458.5	238.8	183.0	77
Country of destination:	:	:	:	:	:	:	:	:
United Kingdom	164.8	213.9	177.8	105.2	127.6	69.6	20.4	29
France	34.6	21.0	9.0	7.7	5.1	2.5	6.3	252
Belgium	21.1	15.5	22.7	12.6	12.4	5.7	5.1	89
Netherlands	31.5	15.6	33.9	36.9	37.8	18.9	19.5	103
Germany, W. & E.	34.0	12.8	49.1	84.8	64.8	35.7	31.9	89
Portugal	4.4	4.8	8.7	6.8	6.6	5.7	6.2	109
Denmark	5.2	4.6	11.1	8.9	12.3	3.8	4.5	118
Ireland	3.8	7.4	17.7	11.3	18.0	2.6	3.3	127
Switzerland	2.8	3.8	12.7	11.6	11.4	6.2	5.6	90
Norway	4.1	4.7	7.9	8.1	7.5	4.0	3.9	98
Sweden	4.7	7.2	12.4	11.6	10.5	1.0	.7	70
Italy	7.8	1.1	7.0	5.6	3.8	5.6	3.9	70
China	92.5	48.2	14.4	.0	.0	.0	.0	0
Australia	21.5	18.4	20.3	22.3	25.1	6.2	4.4	71
India-Pakistan	5.4	2.6	8.1	3.5	2.9	1.6	1.9	119
New Zealand	.6	2.5	5.8	6.2	6.6	4.3	5.0	116
Philippine Rep.	.5	1.2	7.6	24.5	20.7	15.7	12.1	77
Indonesia	5.8	2.0	6.5	12.9	14.3	7.0	7.2	103
Other countries	82.0	50.0	53.7	67.8	71.1	42.7	41.1	96
Total	527.1	437.3	486.4	448.3	458.5	238.8	183.0	77

1/ Preliminary. 2/ Partially estimated. 3/ Less than 50,000 pounds.

Compiled from publications and records of the United States Department of Commerce.

The principal means by which foreigners secure dollar exchange to buy United States products is by selling to this country. United States imports were at a near record level of almost 11 billion dollars in each of the 3 years ending with 1953. During January-July 1954, United States imports dropped 7 percent below January-July 1953. Exports excluding M.S.P. (military) shipments from this country showed a 4 percent increase but including M.S.P. shipments were 5 percent less than in January-July 1953.

Indications are that cigarette consumption has continued to increase in the past year or two in several countries including Belgium, Netherlands, Sweden, and Denmark. During the first half of 1954, tobacco consumption in the United Kingdom ran ahead of a year earlier. The tobacco tax reduction in Germany in June 1953 has brought about increased cigarette consumption and further increases are expected. However, it is reported that the share of United States tobacco in blended cigarettes dropped between 1952 and 1953. American-blend cigarettes have been in high favor in West Germany since World War II; but over the past year, sales of the straight Oriental brands, so popular before the war, have shown a significant increase. The relatively high 1953 prices paid for United States tobacco have been reported as a major concern of German importers and manufacturers. Factory consumption of leaf tobacco in France was higher in 1953 than in 1952 but the proportion of United States tobacco was a small fraction of the total--far below prewar annual usings.

Tobacco exports to France in 1954 will be substantially above 1953 as the result of sales for foreign currency under Section 550 of the Mutual Security Act of 1953. Under that Act, friendly foreign countries could purchase certain agricultural commodities with their own currencies instead of dollars where such purchases were for use over and above normal trade and usual marketings of the United States and friendly countries were not displaced. As of mid-1954, authorizations totaled 38.4 million dollars--the United Kingdom, 20 million; West Germany, 10 million; France, 3.8 million; Finland, 3 million; and Italy, 1 1/2 million. As of the end of June 1954, the expenditures of Section 550 funds for tobacco shipped was United Kingdom, 19.8 million dollars; West Germany, 5.9 million; and Finland, 1.1 million. The total authorizations may be sufficient for up to 65 million pounds and tentative approximations by types are 47 million pounds of flue-cured, 8 million of Burley, 7 million of fire-cured, and 2 million of dark air-cured.

Section 402 of the Mutual Security Extension Act of 1954 earmarks 350 million dollars for use by the Foreign Operations Administration in selling agricultural commodities to foreign countries in exchange for their currencies.

On July 10, the President approved the "Agricultural Trade Development and Assistance Act of 1954." This provides for a means "whereby surplus agricultural commodities in excess of the usual marketings... may be sold through private trade channels and foreign currencies accepted..." Transactions under this title of the Act are authorized up to 700 million dollars and programs may be undertaken until June 30, 1957. It is reasonable to suppose that tobacco exports may benefit from this Act.

During January-July 1954, tobacco exports were substantially smaller than in the same period of a year earlier, largely because of the difference in shipments to Britain. The shipments deferred from the late months of 1952 boosted the exports of the second quarter of 1953 to an unusual high. Among other leading export outlets, the January-July 1954 takings were larger than a year earlier for Netherlands, France, Portugal, Denmark, Ireland, New Zealand, Finland, Egypt, and Indonesia. There were moderate declines in shipments to Germany, Belgium, and Switzerland and more marked relative declines to Philippine Republic, Italy, Australia, Thailand, and Japan. Norway took nearly the same in both periods.

Foreign Producing and Exporting Countries

United States tobacco is facing increasing competition from foreign producers.

Table 9.- Production of flue-cured and Oriental tobacco in specified countries for specified periods

Country	Year of harvest					
	Average:		Average	1952	1953	1954 1/
	: 1935-39: 1947-51		: 1952	: 1953	: 1954 1/	
	: Million	: Million	: Million	: Million	: Million	
	: pounds	: pounds	: pounds	: pounds	: pounds	
Flue-cured						
Brazil	: 12.5	45.5	27.8	58.7	55.0	
Canada	: 54.6	111.6	132.0	132.4	149.0	
India	: 26.9	64.5	90.0	81.0	100.0	
Northern Rhodesia	: 1.7	4.5	9.5	10.3	8.0	
Nyasaland	: 2.3	2.7	3.5	3.6	3.9	
Southern Rhodesia	: 24.6	81.5	99.0	105.1	112.5	
Total, countries shown	: 122.6	310.3	361.8	391.1	428.4	
Oriental						
Greece	: 132.8	113.3	87.2	134.5	126.0	
Turkey	: 128.1	193.7	200.2	248.3	220.8	
Total, countries shown	: 260.9	307.0	287.4	382.8	346.8	

1/ Preliminary.

Compiled from reports of Foreign Agricultural Service except 1954 production for Greece.

Production of flue-cured tobacco in several major foreign producing areas increased this year over last. The Southern Rhodesian crop harvested in early 1954 is estimated at 112.5 million pounds--7 percent greater than a year earlier and the largest on record. Marketings began on March 23; and in the early weeks, auction prices averaged far below

those in the comparable weeks of last year but subsequently rose as quality of marketings improved. Trade reports indicate over 85 percent of the crop was sold by early September and prices averaged the equivalent of 46.4 cents a pound--2.1 cents lower than in the comparable period of 1953. Average prices of the better grades were similar to those received last year, but prices of inferior grades were lower. In Northern Rhodesia, the 1954 flue-cured crop estimated at 8 million pounds was 22 percent less than harvested in 1953. Trade reports indicate that from April through early September the price for new crop averaged the equivalent of 38.1 cents a pound--2 percent less than a year earlier.

In Canada, the current flue-cured tobacco crop is estimated at 149 million pounds--13 percent above 1953 and 3 percent above the previous peak in 1951. Canadian growers received about $46\frac{1}{2}$ cents per pound for their 1953 crop--2 cents more than in 1952. The 1954 flue-cured crop in Brazil is estimated at 55 million pounds, a reduction of 6 percent from last year.

India's 1954 crop of flue-cured is estimated unofficially at about 100 million pounds. This compares with the drought-reduced production of 81 million pounds in 1953 and 90 million pounds in 1952. Prices of redried strips of flue-cured at Guntur, India, during March-June 1954 were approximately 10-15 percent below a year earlier with the greatest decline in lower grades. Stocks of low grade leaf have accumulated to around 32 million pounds, and the Indian Government is seeking to sell the surplus low grades in foreign markets. Nyasaland's 1954 flue-cured crop estimated at 3.9 million pounds was 8 percent higher than in the preceding year. Production of fire-cured and sun-cured tobacco, the predominant types grown in Nyasaland, estimated at 22 million and 5 million pounds, respectively, were smaller than the 1953 crops. Prices of flue-cured and Burley during April-August averaged higher than last year but lower for fire-cured and sun-cured.

The 1954 tobacco crop in Greece is indicated at 126 million pounds--down about 6 percent from a year earlier. At the end of June 1954, stocks of Greek tobacco from the 1953 and previous crops totaled 137 million pounds, of which about 85 percent were estimated to be available for export.

Tobacco production in Turkey, the largest producer and exporter of Oriental types, is tentatively estimated at 221 million pounds in 1954--11 percent below the preceding year. Severe drought early in the season hurt production prospects, but rains since the last reports on which the estimate is based may have improved the outlook. Prices paid by United States buyers for tobacco during 1953 for the 1951 and 1952 Aegean crop averaged about 59.9 and 62.1 cents per pound, f.o.b. Izmir. Prices paid for the 1951 and 1952 Black Sea crop averaged about 89.8 and 97.5 cents per pound, respectively.

British Tobacco Situation

In 1953 British consumers spent about 7 percent of their disposable income on tobacco. Cigarettes are the predominant tobacco product in the United Kingdom. Retail prices are high compared with United States prices, mainly because of heavy import duties on leaf tobacco. For United States and other non-Commonwealth tobacco, the main duty is equivalent to about \$8.15 per pound and for Commonwealth tobacco, it is approximately \$7.94 per pound. The tobacco duties are a very important source of Government revenue in the United Kingdom, totaling the equivalent of 1,794 million dollars in the year ending June 30. In Britain's latest fiscal year (ending March 31, 1954), total collections were one-seventh of total Government revenue.

The home consumption of tobacco (net clearances from bond) in the United Kingdom was 224 million pounds in 1953--the largest since 1947. During January-June of 1954, this measure of consumption averaged 3.2 percent more than in the same period of 1953. Gross clearances of unmanufactured tobacco from bond is a more inclusive figure of tobacco use in the United Kingdom since it indicates on a combined basis the home consumption and the exports (mostly manufactured cigarettes). Gross clearances in 1953 totaled 283 million pounds-- the largest since 1947 except for 1951, when exports were relatively high. The January-June 1954 gross clearances of tobacco were 1.4 percent above the same period of a year earlier. Data for January-June indicate that over 85 percent of the gross clearance was flue-cured tobacco of which about 55 percent was United States flue-cured. Comparing the first 6 months of 1954 and 1953, the gross clearances of United States flue-cured were down 0.7 million; Southern Rhodesian flue-cured, up 1.9 million; Indian flue-cured, down 0.2 million; and Canadian flue-cured, up 1.9 million. For other kinds of tobacco, there was little change in gross clearances between the two periods except a slight decline in air- and sun-cured from India and Nyasaland and an increase in the Greek Oriental tobacco. The Nyasaland dark-fired tobacco was the same in both periods. The gross clearances of all Commonwealth tobacco made up 40.9 percent of the total in 1953, 38.7 percent in 1952, and 36.2 percent in 1951. The trend has continued into 1954; and in the first 6 months of 1954, the Commonwealth tobacco was 42.4 percent of the total.

Manufactured tobacco exports dropped 4 percent from 1952 to 1953 and during the first 7 months of 1954, were 7 percent below the same period of 1953. Cigarettes constitute the bulk of the exports. Among the leading destinations, nearly the same went to Singapore but Malaya, Australia, Western Germany, Belgian Congo, and Gold Coast showed declines. Hong Kong, Saudi Arabia, France, and Egypt each took more in the first half of 1954 than in the same period of 1953.

The January-July 1954 re-exports of unmanufactured tobacco from the United Kingdom were only about one-third as large as in the same period of a year earlier. A large share was nonflue-cured tobacco sent to Netherlands for redrying.

Table 10.- United Kingdom tobacco: Stocks, imports, consumption and exports, for specified periods

Period	Imports 1/		Retained for home consumption		Exports		Re-exports of unmanufactured tobacco	
	Stocks Dec. 31:	From Total: United States	Non-preferential: United States 2/	Preferential: 2/	Total	tobacco	of manu- factured tobacco	manufac- tured tobacco
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Average:								
1934-38:	497	275	213	132	39	171	39	12
1939-43:	330	237	157	153	60	213	26	5
1944	243	230	180	173	47	220	18	1
1945	278	369	310	183	48	231	37	14
1946	383	433	366	193	55	248	55	7
1947	384	296	201	173	51	224	52	1
1948	390	281	172	153	61	214	45	1
1949	419	302	154	139	72	211	47	2
1950	445	306	144	132	82	214	43	4
1951	498	355	212	130	91	221	51	7
1952 3/	430	224	67	121	97	218	47	12
1953 3/	452	316	174	120	104	224	45	9
Jan.-July:								
1952	4/452	118	34	5/60	5/47	5/107	30	5
1953 3/	4/399	140	75	5/60	5/51	5/111	27	7
1954 3/	4/388	102	29	5/60	5/55	5/115	25	3

1/ Unmanufactured tobacco: Imports of manufactured tobacco products have been generally small relative to imports of unmanufactured tobacco. 2/ Tobacco imported from nonpreferential areas comes in at full duty rate while that imported from preferential areas (Commonwealth origin) comes in at a lower rate of duty. At present, the preferential rate is only about 3 percent below the full duty rate, but from 1931 to 1939, it was over 20 percent below the full duty rate. 3/ Subject to revision. 4/ June 30. 5/ January-June.

Compiled from the Annual Statement of Trade and Accounts Relating to Trade and Navigation of the United Kingdom.

Imports of unmanufactured tobacco into Britain in the year ending June 30, 1954, totaled nearly 281 million pounds--17 percent larger than for the preceding year, which was the lowest in 6 years. Imports from the United States, though up 21 percent, were still one of the smallest yearly totals on record.

The 1953-54 imports from Southern Rhodesia were below a year earlier but a little more came in from India. The imports from Canada were very sharply higher than the unusual low 1952-53 total. For relative changes by country of origin and proportionate shares from each, see table 11.

Table 11.- Unmanufactured tobacco imports into the United Kingdom from major sources, average 1934-38, 1947-53

Year be- gining July 1	United States	Southern Rhodesia	India	Canada	Nyasa- land	Turkey	Greece	Other	Total
Average									
	: Million pounds	: Million pounds	: Million pounds	: Million pounds	: Million pounds	: Million pounds	: Million pounds	: Million pounds	: Million pounds
1934-38	210.6	15.9	18.1	12.3	12.5	0.6	0.6	4.5	275.1
1947	130.7	31.9	21.8	13.1	14.1	1.2	.1	2.7	215.5
1948	147.5	40.0	32.5	13.0	14.6	25.4	5.6	6.0	284.6
1949	162.4	47.4	46.6	15.0	16.1	13.7	1.3	6.7	309.2
1950	146.7	66.5	42.1	20.2	14.3	1.9	1.0	8.9	301.6
1951	223.1	44.7	43.8	36.2	16.6	1.9	1.2	11.5	379.0
1952 1/	105.0	62.7	32.3	12.4	10.9	1.2	.8	15.1	240.4
1953 1/	127.4	55.8	34.0	32.3	13.4	2.1	1.0	14.7	280.7
Average									
1934-38	-39.5	250.9	87.7	162.6	7.2	250.0	166.7	226.7	2.0
to 1953:									
1952 to									
1953	21.3	-11.0	5.3	160.5	22.9	75.0	25.0	-2.6	16.8
Average									
1934-38	76.6	5.8	6.6	4.5	4.5	0.2	0.2	1.6	100.0
1947	60.6	14.8	10.1	6.1	6.5	.6	---	1.3	100.0
1948	51.8	14.1	11.4	4.6	5.1	8.9	2.0	2.1	100.0
1949	52.5	15.3	15.1	4.9	5.2	4.4	.4	2.2	100.0
1950	48.6	22.0	14.0	6.7	4.8	.6	.3	3.0	100.0
1951	58.9	11.8	11.5	9.6	4.4	.5	.3	3.0	100.0
1952	43.7	26.1	13.4	5.2	4.5	.5	.3	6.3	100.0
1953	45.4	19.9	12.1	11.5	4.8	.7	.4	5.2	100.0

1/ Preliminary.

Stocks of tobacco in the United Kingdom at the end of June 1954 totaled 388 million pounds--about 3 percent lower than a year earlier. At the end of June, stocks of United States flue-cured, accounting for about 41 percent of the total, were 6 percent smaller and Indian flue-cured stocks were down 5 percent. British stocks of Southern Rhodesian flue-cured were only 2 percent less than a year earlier and their stocks of Canadian flue-cured were up 22 percent. Stocks of flue-cured originating in these four countries constituted 83 percent of total tobacco stocks in the United Kingdom. For other types, the end of June stocks were down slightly for Nyasaland fire-cured, up about one-sixth for India and Nyasaland air- and sun-cured, and up nearly 9 percent for Oriental tobacco.

UNITED STATES IMPORTS AND STOCKS OF FOREIGN GROWN TOBACCO 2/

Foreign grown tobacco is imported into this country principally for blending with domestic types in the manufacture of cigarettes and cigars. Total imports in 1954 probably will not be much different from the record 1953 figure of 105 million pounds. Around three-fourths of the total imports is cigarette leaf and the rest is largely used in cigars. During the first 7 months of 1954, imports of cigarette leaf were 3 percent larger than a year earlier. Almost the same came in from Turkey and a little less from Syria, but there were increases in leaf from Greece and Yugoslavia. The average value per pound was practically the same as a year earlier for tobacco from Turkey but was slightly lower for tobacco from Greece. The average value of tobacco imported from Syria was down moderately but that from Yugoslavia averaged sharply higher. Stocks of foreign grown cigarette and smoking tobacco in the United States on July 1 totaled 167 million pounds--6 percent less than a year earlier.

The principal source of imported cigar tobacco is Cuba. Unmanufactured tobacco imports from Cuba are classified as stemmed filler, unstemmed filler, scrap, and wrapper. During January-July 1954, imports from Cuba of stemmed cigar filler were about 12 percent less than a year earlier but imports of scrap (also largely used in cigars) was up 8 percent; the imports of unstemmed filler held about even. The average value per pound of stemmed filler was practically unchanged and for scrap, increased slightly from a year earlier; the average value of unstemmed filler was down 13 percent. The imports of Philippine scrap in the first 7 months of 1954 were over one-third less than in the same period of a year earlier. Its average value per pound was 10 percent higher but it was still less than one-half as much as the Cuban scrap.

Imports of cigar wrapper leaf from Cuba in the first 7 months of 1954 were larger than in the same period of 1953 but those from Indonesia were smaller. The average unit value for Cuban wrapper was 6 percent lower but for Indonesian wrapper, was the same. The 1953 imports of Indonesian wrapper were the smallest from that area since 1919 and far less than in many previous years while wrapper from Cuba in 1953 exceeded any previous year.

2/ Imports of tobacco for consumption are on a declared-weight basis and stocks are on an unstemmed-equivalent basis.

Table 12.- United States imports for consumption of unmanufactured tobacco, from principal supplying countries, for specified periods

(Declared weight)

Classification and country of origin	Calendar year		Year beginning July		January-July		1954 as per- centage of 1953
	Average: 1924-28	Average: 1934-38	Average: 1947-51	1952	1953	1954	
	1/	2/	2/	2/	2/	2/	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	
Cigarette leaf Unstemmed							
Turkey	13.1	18.2	46.9	56.2	56.3	32.2	32.1 100
Greece	20.1	18.8	9.3	15.2	14.5	8.4	8.9 106
Syria	.2	.5	3.8	3.7	3.2	2.0	1.8 90
Bulgaria	.5	.6	2.1	.0	3/	.0	3/ ---
U.S.S.R.	.0	.1	2.8	.0	.0	.0	.0 ---
So. Rhodesia	.0	3/	1.1	.3	.3	.1	.1 100
Yugoslavia	.0	.0	.4	1.3	1.8	.8	1.4 175
Total 4/	46.1	44.4	67.2	78.0	78.4	44.2	45.5 103
Cigar leaf (filler)							
Cuba							
Stemmed	13.8	7.1	12.1	9.5	9.1	5.8	5.1 88
Unstemmed	7.8	4.1	4.4	4.3	4.4	2.6	2.6 100
Philippines, Rep.							
Stemmed	1.7	5/	.1	1.3	.3	.2	3/ ---
Unstemmed	1/	5/	.2	.0	3/	.0	.0 ---
Total 4/	22.4	11.3	16.8	15.3	14.0	8.6	7.7 90
Scrap							
Cuba	1.8	2.9	5.2	8.9	9.2	5.2	5.6 108
Philippines, Rep.	.0	5/3.2	.4	2.3	1.9	1.4	.9 64
Total 4/	1.9	6.1	5.6	11.2	11.2	6.7	6.4 96
Cigar wrapper (unst.)							
Indonesia	6/6.1	6/1.9	.8	.5	.4	.3	.2 67
Cuba	.1	.2	.3	.4	.5	.2	.3 150
Total 4/	6.3	2.1	1.1	.9	.9	.5	.5 100
Total imports 7/	78.3	66.3	91.5	105.9	105.4	60.3	61.4 102

1/ General imports. 2/ Preliminary. 3/ Less than 50,000 pounds. 4/ Includes relatively small quantities from other countries not separately listed. 5/ Reported as leaf in 1934-35 and as scrap in 1936-38. 6/ From Netherlands Indies or Netherlands. 7/ Includes tobacco stems, not cut, ground, or pulverized, not shown separately.

Compiled from publications and records of the United States Department of Commerce.

On July 1, the stocks of Cuban tobacco in the United States totaled 15 1/2 million pounds--slightly below a year earlier and the lowest for July in many years. The July 1 stocks of Philippine tobacco were 1.7 million pounds--21 percent lower than a year earlier, when they were the highest for July since 1941 and about at their prewar level. The July 1 stocks of Sumatra and Java tobacco at 272,000 pounds were 17 percent smaller than a year earlier and the lowest for July on record.

OUTLOOK AND SITUATION FOR TOBACCO LEAF

Flue-Cured, Types 11-14

Domestic Use and Exports

During July 1953-June 1954, domestic use of 778 million pounds of flue-cured was 50 million pounds below the record of the preceding year. The decline in cigarette manufacture--the principal outlet--was the principal reason. The shifting positions of cigarette brands and the introduction of new brands may also have been a factor if these contained proportionately more of other kinds of tobacco. Domestic use in 1954-55 probably will not regain the record high of 2 years ago but some increase over 1953-54 seems likely. Domestic use, as measured by total disappearance minus exports in a crop year, is regarded as being a good indication of the direction of change from year to year but is hardly a precise measurement of leaf used in domestic factories in the 12-month period.

Exports of flue-cured at 431 million pounds (farm-sales weight) were almost 4 percent above 1952-53 and a further increase is expected in 1954-55. The total for 1953-54 was 14 percent below 1951-52--the second highest year on record--but just about the same as in each of the 2 years prior to that. Indications are that the average value per pound for flue-cured exports as a whole in 1953-54 exceeded the previous year by about 4 percent. As examples, the average value for that going to the United Kingdom was up less than 3 percent; to West Germany, up 7 percent; and to the Netherlands, down 1 percent. The United Kingdom and Germany accounted for 33 and 14 percent of total flue-cured exports in 1953-54. Although British takings were 23 percent above the previous year, they were the second lowest since the early years of World War II. Flue-cured exports to Germany in 1953-54 were 22 percent lower than the high in 1952-53 but the third largest on record. Ranking next in 1953-54 with takings ranging from about 15 to 35 million pounds (farm-sales weight) were Netherlands, Australia, Republic of the Philippines, Ireland, and Indonesia. Flue-cured going to the Netherlands was up a little from 1952-53 and the second largest on record. That going to Australia was up moderately and the third largest on record. The 1953-54 exports to the Philippines declined moderately below each of the 2 previous years but was substantially higher than any other year except the record of 1949-50. Flue-cured exports to Ireland were sharply higher than the postwar low of the previous year and fairly close to most of the years just preceding 1952-53. Indonesia took more than in any previous year.

Table 13.- Flue-cured tobacco, types 11-14: Domestic supplies, disappearance, and season average price, averages 1934-38 and 1939-43, annual 1944-54

Year	(Farm-sales weight)							
	Production:		Stocks, July 1	Supply	Disappearance		Average	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	price per pound
Average:								
1934-38	741	845	1,586	704	338	366	22.9	
1939-43	837	1,358	2,194	788	512	276	27.6	
1944	1,087	1,189	2,276	1,150	696	454	42.4	
1945	1,173	1,126	2,299	1,152	667	485	43.6	
1946	1,352	1,147	2,499	1,212	659	553	48.3	
1947	1,317	1,287	2,604	1,054	695	359	41.2	
1948	1,090	1,550	2,640	1,102	720	382	49.6	
1949	1,115	1,538	2,653	1,168	729	439	47.2	
1950	1,257	1,485	2,742	1,185	757	428	54.7	
1951	1,453	1,557	3,010	1,279	777	502	52.4	
1952	1,365	1,731	3,096	1,244	828	416	50.3	
1953 2/	1,272	1,852	3,124	1,209	778	431	52.8	
1954 2/	1,363	1,915	3,278					

1/ Year beginning July 1.

2/ Subject to revision.

Ranking next in 1953-54 with takings ranging from about 5 to 12 million pounds (farm-sales weight) were Denmark, Japan, Belgium, Sweden, Finland, New Zealand, Thailand, Egypt, and Norway. Denmark, Finland, and Egypt, each took more flue-cured than in any previous year. Japan took moderately less than in 1952-53 but it still was substantially above any other previous year. There was a moderate drop from 1952-53 in flue-cured exports to Belgium, and each of the last 2 years have been substantially lower than each of the previous three. Somewhat more went to Sweden than in 1952-53 though not as much as 2 or 3 years ago. More went to New Zealand, bringing the 1953-54 quantity up to about the second highest on record. Shipments to Thailand fell off and the year's total was the lowest in 4 years while Norway took about the same in each of the last 2 years.

Another 16 destinations took from about 1 to 5 million pounds (farm-sales weight) and numerous others took smaller quantities. Eight of these 16 showed gains from 1952-53 to 1953-54--Switzerland, Indochina, Pakistan, Mexico, Spain, Uruguay, Formosa, and Nigeria--while the other 8 showed declines--Portugal, Hong Kong, France, Austria, India, Italy, Malta, and British East Africa.

Supplies

Carryover of Flue-cured on July 1, 1954, totaled 1,915 million pounds--3 percent more than a year earlier. The September 1 estimate of production was 1,363 million pounds--7 percent greater than last year's drought-reduced crop and the third largest on record. In the 1953 season, drought conditions sharply lowered the type 11 outturn in Virginia and North Carolina. The carryover plus this year's crop adds to a total supply of 3,278 million pounds for 1954-55--5 percent higher than the 1953-54 level. The 1954-55 total supply is about 2.6 times probable disappearance--approximately the same as at the outset of 1953-54 but above any other postwar year.

Carryover on July 1, 1955, is expected to be about 2,000 million pounds--over 4 percent above July 1, 1954. The 1955 marketing quota and acreage allotment will be announced by the Secretary of Agriculture prior to December 1. This year's flue-cured acreage allotments and acreage for harvest total slightly more than in 1953. In the 1952 referendum, flue-cured growers approved marketing quotas on their 1953, 1954, and 1955 crops. Under the law, flue-cured growers will vote in 1955 either to approve a marketing quota for the next 3 years, or 1 year, or to reject a quota.

Price Supports and Prices

When marketing quotas are in effect on flue-cured tobacco, price support at 90 percent of parity is mandatory. The Government price support for the 1954 crop is 47.9 cents per pound--the same as for the 1953 crop. This is the level announced last April.

In June of this year, the law was amended to change the penalty on the marketing of tobacco in excess of a farm's marketing quota. Beginning with the 1955 crop of flue-cured, the penalty rate will be calculated at 50 percent of the average market price (calculated to the nearest whole cent) for the immediately preceding marketing year. The law previously had specified 40 percent of the previous year's market price.

The 1954 auction market prices for all types of flue-cured combined through September 20 averaged 51.1 cents per pound--6.8 percent lower than the 54.8 cents in the comparable period of 1953. Average prices for many individual grades have been lower than in 1953 in all belts.

Auction market volumes and prices in the 5 belts through September 20 1954 and those for the same number of days (except type 14) in the 1953 season are as follows:

	1953	1954	1953	1954
	Mil. lb.	Mil. lb.	Cts. per lb.	Cts. per lb.
Ga.-Fla., type 14 (entire season)	193	188	51.1	46.4
S. C. and Border N. C., type 13	276	224	56.5	52.6
Eastern N. C., type 12	263	198	56.4	53.2
Middle Belt, type 11(b)	30	33	53.6	53.7
Old Belt, type 11(a)	17	16	51.7	55.4

Table 14.- Flue-cured price support operations, 1946-54

Marketing season	(Farm-sales-weight equivalent)			Remaining in Government loan stocks on August 31, 1954 1/	
	Flue-cured placed under Government loan		Percentage of total crop		
	Quantity	Million pounds			
1946	66.5		4.9	0	
1947	232.3		17.6	0	
1948	106.1		9.7	0	
1949	103.5		9.3	0	
1950	77.6		6.2	0	
1951	142.2		9.8	20.8	
1952	2/165.0		2/12.1	66.1	
1953	151.4		11.9	137.9	
1954	3/		3/	3/	
Total 3/	1,044.6		---	224.8	

1/ Actual loan stocks in terms of packed weight are 11 or 12 percent less than their equivalent farm-sales weights shown in this column.

2/ An additional 78.4 million pounds, acquired for British manufacturers under an option to purchase were pledged for loans in 1952.

3/ During the 1954 marketing season through mid-September, about 43 million pounds--approximately 8 percent of producers' sales--had been placed under loan. The 1954 tobacco is not included in the total.

In the Georgia-Florida Belt, marketing this year ran from July 15 to September 3--longer than in any previous year. Prices declined 9 percent from the record average of last season. The sizable volume of lower grade tobacco in the last 3 or 4 weeks of sales pulled down the overall average for the season. Growers placed 8.3 million pounds under Government loan--nearly 5 percent of deliveries compared with a little over 3 percent in the 1953 season.

The marketings in the Border Belt probably were more than two-thirds through by September 20. The price average for sales through that date was 7 percent lower than in the corresponding period of last season. For the 1953 season as a whole, prices of type 13 averaged the highest on record. Receipts under Government loan through September 17 amounted to around 9 percent compared with 3 percent in the 1953 season.

In the Eastern Belt, prices through September 20 averaged 6 percent lower than in the comparable period of last season. The weekly average price this year has held fairly steady at near 53 cents while last season it rose from around 54 to over 61 cents between late August and late September. For the 1953 season as a whole, prices in this Belt averaged the highest on record. Receipts under Government loan through September 18 amounted to around 7 percent of deliveries compared with 3 percent in the 1953 season.

In the Middle Belt, markets first opened on August 22, closed after 3 days of sales, and then reopened on August 31. Full buying demand was lacking during the August 22-25 period but full sets of buyers were on the markets when they resumed. For sales through September 20, prices averaged nearly the same as in the similar period of last season. Quality of offerings was generally better than last season. In 1953 weekly average prices declined during the latter part of the season and the price average for this Belt was the lowest since 1946. Through September 20, approximately 10 percent of deliveries were placed under Government loan compared with 17 percent in the 1953 season as a whole.

The Old Belt markets opened September 13. The price average for the first 6 days sales was 7 percent above that for the same number of sales days a year earlier. Quality was generally better than last season. The percentage of the first week's deliveries placed under Government loans was about 15 percent. A sharply smaller proportion of Old Belt tobacco is expected to go under loan this season than last when it amounted to 41 percent. For the 1953 season Type 11 (a) prices averaged 13 percent less than in 1952 and below any year since 1946.

Burley, Type 31

Domestic Use and Exports

Disappearance of Burley in the October 1953-September 1954 marketing year is estimated at 538 million pounds--about 10 million pounds lower than in the preceding year. The 1954-55 disappearance is not expected to be much different from this year's estimate. Domestic use of Burley in 1953-54 is estimated at about 503 million pounds--3 percent less than in 1952-53. This decline resulted mainly from the reduction in output of cigarettes--the main outlet--and also of smoking tobacco. Domestic use accounts for about 94 percent of total disappearance and exports for the other 6 percent.

The 1953-54 exports of Burley are estimated at 35 million pounds (farm-sales weight)--about one-fifth larger than in 1952-53 and probably the largest in 4 years. Export prospects are favorable and at least as much should be shipped again in 1954-55. Portugal and Germany were the leading destinations during October 1953-July 1954, taking about 59 and 40 percent more respectively than in the same months of a year earlier. Also more Burley went to Mexico, Italy, Belgium, and Netherlands--the next ranking outlets--than in the same months of 1952-53. The increase to Italy was particularly sharp--about 4 times as much as a year earlier. Sweden--the fourth ranking Burley outlet in 1952-53--took substantially less in October 1953-July 1954 than in the same months of a year earlier and there were also decreases to Austria, Denmark, Philippine Republic, Yugoslavia, and Switzerland. In July, a sizable shipment went to France--the first in the current marketing year. About three-fourths of a million pounds went there in 1952-53. Finland, Egypt and Norway each took more in the first 10 months of 1953-54 than in the same period a year earlier.

Supplies

The carryover of Burley on October 1, 1954, is expected to be 1,195 million pounds--3 percent more than a year ago. The September 1 estimate of the Burley crop is 564 million pounds--about 1 percent below 1953 and well below the two large crops preceding that. The crop plus carryover provides an approximate supply of 1,760 million pounds for 1954-55--1½ percent above the 1953-54 level. The 1954-55 total supply is close to 3.2 times prospective disappearance--practically the same as last year's ratio but above any other postwar year.

Table 15.- Burley tobacco, type 31: Domestic supplies, disappearance, and season average price, averages 1934-38 and 1939-43, annual 1944-54

Year	(Farm-sales weight)							Average	
	Production:		Stocks, Oct. 1		Disappearance 1/				
	Production:	Stocks, Oct. 1	Supply	Total	Domestic	Exports			
	: Million pounds	: Million pounds	: Million pounds	: Million pounds	: Million pounds	: Million pounds	: 2/	: pound	
Average:									
1934-38	: 287		701	988	314	302	12	22.2	
1939-43	: 369		737	1,106	376	368	8	30.0	
:									
1944	: 591		651	1,242	483	474	9	44.0	
1945	: 577		759	1,336	483	448	35	39.4	
1946	: 614		853	1,467	526	476	50	39.7	
1947	: 485		941	1,426	524	496	28	48.5	
1948	: 603		902	1,505	531	489	42	46.0	
:									
1949	: 561		974	1,535	535	494	41	45.2	
1950	: 499		1,000	1,499	518	488	30	49.0	
1951	: 618		981	1,599	538	506	32	51.2	
1952	: 650		1,061	1,711	548	519	29	50.3	
1953 2/	: 570		1,163	1,733	3/538	3/503	3/35	52.5	
:									
1954 2/	: 564		3/1,195	3/1,759					
:									

1/ Year beginning October 1.

2/ Subject to revision.

3/ Preliminary estimate.

The 1955 marketing quota and acreage allotment for Burley will be announced by the Secretary of Agriculture by December 1. This year's acreage for harvest is 6 percent below 1953. The 1954 acreage allotments for most farms were reduced 8 percent but special provisions apply to small allotments. In the 1952 referendum, Burley growers approved marketing quotas on their 1953, 1954, and 1955 crops. In accordance with the law, Burley growers will vote in 1955 either to approve a marketing quota for the next 3 years, or 1 year, or to reject a quota.

Price Supports and Prices

When marketing quotas are in effect on Burley tobacco, price support at 90 percent of parity is mandatory. The minimum level of price support for the 1954 Burley crop at 46.4 cents per pound--one-fifth of a cent below 1953--was announced last April. If 90 percent of the October 1 parity should exceed 46.4 cents, it would become the actual support level for the 1954 Burley crop as provided by law. Burley auctions usually begin around the first of December. The 1953 crop--one of the best ever produced--averaged a record $52\frac{1}{2}$ cents per pound.

In June of this year, an amendment to the law changed the penalty rate on the marketing of tobacco in excess of a farm marketing quota from 40 to 50 percent of the average market price for the preceding season. This becomes applicable with the marketings of 1954 Burley tobacco.

Table 16.- Burley price support operations, 1946-53 crops

Marketing season	(Farm-sales-weight equivalent)			Remaining in Government loan stocks on August 31, 1954 1/
	Burley placed under Government loan	Percentage of total crop	Million pounds	
	Quantity	Percent	Million pounds	
	Million pounds			
1946	147.8	24.1	0	
1947	37.7	7.8	0	
1948	96.7	16.0	0	
1949	39.1	7.0	0	
1950	44.2	8.9	2.4	
1951	97.3	15.7	56.3	
1952	103.9	16.0	68.4	
1953	102.1	17.9	97.6	
Total	668.8	---	224.7	

1/ Actual loan stocks in terms of packed weight are 11 or 12 percent less than their equivalent farm-sales weights shown in this column.

Maryland, Type 32

Domestic Use and Exports

The total disappearance of Maryland tobacco in the October 1953-September 1954 marketing year is estimated at about 40 million pounds--slightly less than in 1952-53. Domestic use may total around 32 million pounds compared with the record $32\frac{1}{2}$ million of 1952-53, which was about one-fifth above the level of other recent years. Cigarettes are the major outlet for Maryland tobacco.

Estimated exports during October 1953-September 1954 at 8 million pounds (farm-sales weight) are a little above the 1952-53 figure and account for about one-fifth of total disappearance. During October 1953-July 1954, 54 percent of all exports of Maryland tobacco went to Switzerland--nearly the same quantity as in the same months of a year earlier. The 1952-53 exports to Switzerland were the largest since 1948-49. Yugoslavia--the second ranking outlet--took 21 percent less in the 10 months ending with July than in the same period of a year earlier but sharp relative increases occurred to Germany, Belgium, and Spain. A sizable quantity went to France and Tunisia in contrast to none a year earlier. A little less went to Netherlands and considerably less to Morocco.

Table 17.- Maryland tobacco, type 32: Domestic supplies, disappearance, and season average price, averages 1934-38 and 1939-43, annual 1944-54

Year	(Farm-sales weight)							
	Production	Stocks, Oct. 1	plus Oct. 1 stocks	Total	Domestic Exports	price per pound	Average following	Stocks Jan. 1
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Cents	Million pounds
Average:								
1934-38:	27.5	41.3	68.8	26.5	21.1	5.4	19.7	38.4
1939-43:	29.1	49.2	78.3	28.3	26.1	2.2	37.2	43.2
1944	38.2	45.2	83.4	31.2	28.8	2.4	55.5	37.6
1945	18.4	52.2	70.6	30.3	24.2	6.1	57.0	46.5
1946	46.2	40.3	86.5	34.0	28.3	5.7	44.5	32.4
1947	37.8	52.5	90.3	34.3	27.0	7.3	42.8	44.9
1948	35.0	56.0	91.0	37.0	27.7	9.3	54.4	46.9
1949	41.2	54.0	95.2	35.4	28.0	7.4	48.3	45.5
1950	40.0	59.8	99.8	35.5	27.1	8.4	48.2	53.4
1951	41.6	64.3	105.9	33.3	26.7	6.6	44.8	59.3
1952	40.2	72.6	112.8	40.2	32.4	7.8	48.8	64.9
1953 2/	47.39.6	72.6	112.2	5/40.0	5/32.0	5/8.0	6/53.5	65.4
1954 2/	36.8	5/72.2	5/109.0					

1/ Year beginning October 1.

2/ Subject to revision.

3/ Public Law 464-82nd Congress (an amendment to previous Agricultural legislation) provides that for the purposes of marketing quotas and when in effect, the sliding-scale price support, the carryover and total supply of Maryland tobacco shall be computed as of January 1 following the beginning of the marketing year--defined as the October 1-September 30 period.

4/ 1953 crop marketings through early August 1954.

5/ Preliminary estimate.

6/ Auction average.

Supplies

Manufacturers' and dealers' stocks of Maryland tobacco on October 1 are estimated at near 72 million pounds--a little less than on October 1 of each of the 2 preceding years. The September estimate for the 1954 crop is 36.8 million pounds--the smallest in 6 years. Although 1954 acreage estimate is 2 percent above 1953, average yields per acre are indicated at 3 percent lower than last year's. Acreage allotments are not in effect on the 1954 crop since growers disapproved a marketing quota in the referendum held last October. This year's production plus the estimated October 1 stocks adds to around 109 million pounds--3 percent lower than a year earlier.

The 1954-55 total supply--plus the estimated January 1, 1955 carry-over^{3/}--is tentatively estimated at 102 million pounds compared with 102 1/2 million for 1953-54.

Prior to December 1, in accordance with the law, a marketing quota will be announced on the 1955 Maryland tobacco crop. Growers will vote either to approve marketing quotas for the next 3 years, or 1 year, or to reject a quota. In the referendum held last October, 64.1 percent of the growers voting favored a quota but fell short of the legally required 66 2/3 percent necessary to place a quota into effect.

Price Supports and Prices

Since a quota was not in effect on the 1954 crop, Government price support cannot be made available when the crop is marketed next spring and summer. If Maryland growers approve a quota on their 1955 tobacco crop, price support will be mandatory at 90 percent of parity for next year's crop.

Auction markets for the 1953 crop ran from May 4 to August 6 of this year. Also operating was the Baltimore hogshead market. Through August 6, about nine-tenths of the combined marketings was sold at auctions and one-tenth at the hogshead market. The auction market average at close to 53 1/2 cents was 7 percent above a year earlier. In the early weeks, all grade prices averaged considerably higher than a year earlier. With few exceptions, grade prices for the season as a whole exceeded those of the previous season. Since a quota was in effect on the 1953 crop, Government price support was available. The support level was 50.4 cents per pound.

^{3/} In 1952, the Congress amended the Agricultural Adjustment Act of 1938 to provide that for the purposes of marketing quotas and, when in effect, the sliding scale price supports, the carryover and total supply of Maryland tobacco would be computed on the basis of January 1 following the beginning of the marketing year instead of on the basis of October 1, as previously. Inasmuch as the definition of the marketing year, itself, was not changed, statistical table 17 indicates disappearances in the usual way, on the October-September basis.

Table 18.- Maryland tobacco price support operations, 1948-53 crops 1/

Crop	(Farm-sales-weight equivalent)			Remaining in Government loan stocks on August 31, 1954 2/
	Maryland tobacco placed under Government loan		Percentage of total crop	
	Quantity	Million pounds	Percent	
1948	3.0		8.6	1.5
1949	2.6		6.3	1.0
1950	5.5		13.8	4.5
1951	No price support in operation			
1952	No price support in operation			
1953	6.7		18.1	6.5
Total	17.8		---	13.5

1/ Maryland tobacco grown in one year is auctioned in the spring and summer of the following year. 2/ Actual loan stocks in terms of packed weight are about 2 percent less than their equivalent farm-sales weight.

Fire-Cured, Types 21-23

Domestic Use and Exports

Disappearance of fire-cured tobacco in the October 1953-September 1954 marketing year is estimated at about 62 million pounds compared with the record low of near 58 3/4 million in 1952-53. Domestic use estimated at approximately 32 million pounds may be 3 million pounds or more above the record low of a year earlier. Some of the increase is attributable to a slightly larger output of snuff--the major domestic outlet.

Exports of fire-cured tobacco during the year ending September 30 are estimated at about 30 million pounds (farm-sales weight)--not greatly different than those in 1952-53. During the first 10 months of the 1953-54 marketing year, exports of Kentucky-Tennessee fire-cured tobacco were slightly ahead of those in the same period of 1952-53. Among the top ranking destinations, much more went to France, only slightly less to Netherlands, but sharply less to Switzerland and Sweden than in the same period of a year earlier. Through July, none had been recorded for Spain in contrast to sizable quantities going there a year earlier. For other outlets, more went to Denmark, Belgium, Germany, French West Africa, Belgian Congo, New Zealand, Finland, and Algeria but less went to the United Kingdom, Norway, Ireland, Italy, Indonesia and Gold Coast. In the first 10 months of 1953-54, exports of Virginia fire-cured were 3 percent behind the comparable period of a year earlier. Norway, accounting for 45 percent of the total, a little more and Sweden, ranking second, also took a little more but considerably less went to the United Kingdom, Austria, and Germany. Australia and Netherlands got considerably more but Switzerland and New Zealand got slightly smaller amounts than in the same 10 months of 1952-53.

Table 19.- Fire-cured tobacco, types 21-24: Domestic supplies, disappearance, and season average price, averages 1934-38 and 1939-43, annual 1944-54

Year	(Farm-sales weight)							Average price per pound
	Production	Stocks, Oct. 1	Supply	Total	Domestic	Exports		
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds		
Average:								
1934-38	110.2	194.2	304.4	123.0	53.2	69.8	10.2	
1939-43	82.4	165.2	247.6	74.9	53.5	21.4	14.9	
1944	66.1	173.5	239.6	107.8	43.9	63.9	24.5	
1945	58.3	131.8	190.1	85.2	37.6	47.6	31.5	
1946	108.9	104.9	213.8	70.4	36.0	34.4	36.0	
1947	86.4	143.4	229.8	67.2	36.9	30.3	29.5	
1948	73.2	162.6	235.8	78.6	35.4	43.2	31.9	
1949	72.2	157.2	229.4	64.7	35.4	29.3	29.8	
1950	58.3	164.7	223.0	75.7	35.9	39.8	31.2	
1951	59.5	147.3	206.8	59.9	31.8	28.1	40.0	
1952	58.2	146.9	205.1	58.7	29.0	29.7	37.6	
1953 2/	48.9	146.4	195.3	3/62.0	3/32.0	3/30.0	33.8	
1954 2/	58.4	3/133.2	3/191.6					

1/ Year beginning October 1.

2/ Subject to revision.

3/ Preliminary estimate.

Supplies

The October 1, 1954, carryover is estimated at approximately 133 million pounds--9 percent less than the October level for each of the last 3 years. The September estimate of production is 58 million pounds--about $9\frac{1}{2}$ million pounds greater than the drought-reduced crop of 1953, which was a record low. The 1954 allotment is approximately the same as in 1953. The acreage for harvest is indicated to be 3 percent larger than a year ago--probably due to allotments being more fully planted than in 1953. The 1954 crop plus the carryover provides a 1954-55 total supply of nearly 192 million pounds--2 percent lower than the 1953-54 level.

Carryover on October 1, 1955, seems likely to range around 130 million pounds--a little lower than the estimate for October 1, 1954.

The 1955 quota and acreage allotment for fire-cured will be announced by the Secretary of Agriculture prior to December 1. Growers of fire cured tobacco will vote for quotas for the next 3 years, or for the 1955 crop only, or against quotas. In the 1951 referendum, $96\frac{1}{2}$ percent of the growers voting favored quotas on their 1952, 1953 and 1954 crops.

Price Supports and Prices

When marketing quotas are in effect on fire-cured tobacco, price support at 75 percent of the Burley level is mandatory. The minimum level of price support for the 1954 fire-cured crop is 34.8 cents per pound--one-fifth of a cent lower than for the 1953 crop. Auctions for Virginia fire-cured usually begin in late November and for Kentucky-Tennessee fire-cured, in the first half of January. For the 1953 crop of Virginia fire-cured (type 21), prices averaged 35.6 cents per pound--very slightly above a year earlier. In Kentucky-Tennessee for the Eastern District (type 22), prices averaged 34.9 cents per pound--down 11 percent from a year earlier and for the Western District (type 23), 27.9 cents--down 21 percent from a year earlier. For all 3 fire-cured types, last year's crop was the smallest on record and quality of much of each type was considerably poorer than in the previous year.

Table 20.- Fire-cured price support operations, 1946-53 crops

Marketing season	(Farm-sales-weight equivalent)		
	Fire-cured placed under Government loan		Remaining in Government loan stocks on August 31, 1954 1/
	Quantity	Percentage of total crop	
	Million pounds	Percent	Million pounds
1946	40.8	37.5	2.5
1947	31.3	36.2	4.1
1948	27.3	37.3	6.8
1949	18.7	25.9	5.6
1950	12.2	20.9	9.0
1951	7.5	12.6	4.8
1952	10.9	18.7	8.4
1953	8.0	16.4	8.0
Total	156.7	---	49.2

1/ Actual loan stocks in terms of packed weight range around 8 percent less than their farm-sales weights shown in this column.

Dark Air-Cured, Types 35-37

Domestic Use and Exports

Disappearance of dark air-cured tobacco in the October 1953-September 1954 marketing year is estimated at around 30 million pounds--a little more than in 1952-53. Domestic use at about 23 million pounds seems likely to be about the same as a year earlier. The major domestic outlet is chewing tobacco, output of which during October 1953-July 1954 was a little lower than in the corresponding period of 1952-53.

Exports of dark air-cured tobacco in 1953-54 may approximate 7 million pounds (farm-sales weight)--up some from 1952-53, the postwar low. A substantial share of the dark air-cured tobacco exports go out as Black Fat--a semiprocessed form--, and during October 1953-July 1954, these exports were 28 percent larger than in the same months of 1952-53. Nigeria, the leading outlet, took considerably more and so did French West and Equatorial Africa, and Cameroon. The Gold Coast, second ranking outlet, got moderately less. During the first 10 months of 1953-54, exports of Green River (type 36) were 8 percent lower than in the same period of a year earlier, principally due to the much smaller takings than a year earlier of the United Kingdom--the leading outlet. Partially offsetting were the larger takings of Netherlands and Belgium. Exports of One Sucker (type 35) were 40 percent lower than in the same 10 months of a year earlier with much less going to Nigeria, the leading outlet, and also less to Belgium. However, Netherlands took more. Exports of Virginia sun-cured (type 37) are very small--about 27,000 pounds to Norway--less than one-half as much as in the same period of a year earlier.

Table 21.- Dark air-cured tobacco, types 35-37: Domestic supplies disappearance, and season average price, averages 1934-38 and 1939-43, annual 1944-54

Year	(Farm-sales weight)							Average price per pound cents
	Production	Stocks Oct. 1	Supply	Disappearance	Domestic Exports			
	Million pounds	Million pounds	Million pounds	Total Million pounds	2/ Million pounds	2/ Million pounds		
Average:								
1934-38	35.5	62.8	98.3	39.0	27.0	12.0	9.4	
1939-43	36.7	65.1	101.8	36.4	31.9	4.5	13.9	
1944	44.9	57.7	102.6	42.2	35.9	6.3	23.3	
1945	43.6	60.4	104.0	43.6	30.5	13.1	25.2	
1946	49.6	60.4	110.0	37.3	29.7	7.6	22.5	
1947	37.2	72.7	109.9	32.7	26.3	6.4	25.8	
1948	34.8	77.2	112.0	37.9	23.1	14.8	28.7	
1949	36.2	74.1	110.3	30.5	24.3	6.2	28.2	
1950	28.6	79.8	108.4	36.6	26.3	10.3	24.6	
1951	31.7	71.8	103.5	30.3	22.4	7.9	34.3	
1952	33.8	73.2	107.0	29.3	23.2	6.1	31.6	
1953 2/	26.6	77.7	104.3	3/30.0	3/23.0	3/7.0	25.9	
1954 2/	30.2	3/74.3	3/104.5					

1/ Year beginning October 1.

2/ Subject to revision.

3/ Preliminary estimate.

Supplies

The October 1, 1954, carryover is estimated at about 74 million pounds--nearly 5 percent lower than a year ago, when it was the second largest on record. The September estimate of 1954 production is a little over 30 million pounds--13½ percent above last year, when drought severely reduced yields per acre. Most of the production increase over a year ago is in Green River (type 36) and Virginia sun-cured (type 37) while One Sucker (type 35) was only a little above a year earlier. The 1954 acreage allotments for types 35-36 were reduced about one-eighth below 1953 but the Virginia sun-cured allotment was increased by nearly one-fourth. The July estimate of acreage for harvest indicated about an 8 percent drop in types 35-36 and a 24 percent increase in type 37. The 1954-55 total supply of dark air-cured at about 104 million pounds is practically the same as the 1953-54 level.

It appears probable that the carryover of dark air-cured tobacco on October 1, 1955, will not be greatly different than that estimated for this year.

The 1955 marketing quotas and acreage allotments for types 35-36 and 37 will be announced by the Secretary of Agriculture prior to December 1. Growers of Kentucky-Tennessee dark air-cured will vote for quotas for the next 3 years, or for the 1955 crop only, or against quotas. In the 1951 referendum, over 97 percent of the growers voting favored quotas on their 1952, 1953, and 1954 crops. Growers of Virginia sun-cured voted in the fall of 1952 to continue quotas on their 1953, 1954, and 1955 crops.

Table 22.- Dark air-cured price support operations, 1946-53 crops

(Farm-sales-weight equivalent)			
Marketing season	Dark air-cured placed under Government loan	Percentage of total crop	Remaining in Government loan stocks on August 31, 1954
	Quantity	: Million pounds	Percent : Million pounds
1946	15.7	31.7	0
1947	14.5	39.0	4.3
1948	8.9	25.6	4.6
1949	4.1	11.3	2.4
1950	4.1	14.3	3.5
1951	7.4	23.3	6.6
1952	2/10.0	2/29.6	8.9
1953	7.5	28.2	7.2
Total	72.2	---	37.5

1/ Actual loan stocks in terms of packed weight range around 10 percent less than their farm-sales-weight equivalent. 2/ An additional 200,000 pounds, acquired for British manufacturers under an option to purchase, was pledged to CCC for loans in the 1952 season.

Price Supports and Prices

When marketing quotas are in effect on dark air-cured and sun-cured tobacco, price support at 66 2/3 percent of the Burley level is mandatory. The minimum level of price support for the 1954 crop is 30.9 cents per pound--one-fifth of a cent lower than for the 1953 crop. Auctions for these types usually begin from late November to mid-December. Last year, markets for One Sucker opened very late--some in January--because dry weather delayed preparation of tobacco. The 1953 crops of One Sucker and Green River averaged 26.2 and 22.8 cents, respectively--down 19 and 25 percent from the previous year. The quality of both types was much poorer than in the previous year. The 1953 season average price for Virginia sun-cured was 31.8 cents per pound--up slightly from the year earlier.

Cigar, Types 41-62

Domestic Use and Exports

The total disappearance of continental cigar filler (types 41-44) in the October 1953-September 1954 marketing year is estimated at about 58 million pounds--about 1 million pounds less than in 1952-53. The great bulk of it went into cigars made by United States manufacturers. From October 1953 through July 1954, output of domestic cigar factories was 2.4 percent less than in the same period of 1952-53. Exports of filler are comparatively small and probably amounted to less than one-half of a million pounds (farm-sales weight). Indochina and Algeria were the principal destinations in the last 2 or 3 years.

The total disappearance of the combined binder types 51-55 in the October 1953-September 1954 marketing year is estimated at about 53 million pounds--7 or 8 percent less than a year earlier. Cigars absorb most of the binder type tobacco, but scrap chewing is a sizable outlet for lower grades. Output of cigars and scrap chewing tobacco were each a little lower during October 1953-July 1954 than in the same months of a year earlier. Exports of the binder types probably accounted for around 2 million pounds in 1953-54--sharply lower than in 1952-53. During October 1953-July 1954, shipments to West Germany, the leading outlet, was less than one-half those of the same period of a year earlier. None was recorded as going to East Germany in contrast to around nine-tenths of a million pounds in the same period of 1952-53. Binder exports to Belgium, Netherlands, and Sweden were smaller but those to Canada and Denmark increased sharply. During October 1953-July 1954 binder leaf exports were 50 percent Connecticut Valley Havana Seed, 37 percent Broadleaf, and 13 percent Wisconsin. A big drop occurred in Wisconsin binder exports.

The total disappearance of domestic shade-grown wrapper (types 61-62) in the July 1953-June 1954 marketing year was 15.8 million pounds--5 percent less than the record amount of 1952-53. Domestic use at about 12 million pounds was about 2 percent lower and exports at 3.8 million (farm-sales weight) were nearly 14 percent lower than in 1952-53. Considerably less wrapper went to Germany, the leading outlet, and also the Netherlands. Belgium and the Philippine Republic got more while quantities to Canada and Denmark held practically even with those in 1952-53.

Table 23.- Cigar tobacco, types 41-55: Domestic supplies, disappearance, and season average price, averages 1934-38 and 1939-43, annual 1944-54

Type and year	(Farm-sales weight)					Average price per pound Cents
	Production:		Stocks:		Disappearance:	
	Oct. 1:	Supply:	year beginning:	Oct. 1:		
	Million pounds	Million pounds	Million pounds	Million pounds		
Filler types 41-44						
Average:						
1934-38 1/	: 48.9	159.9	208.8	54.4	10.4	
1939-43 1/	: 60.0	154.1	214.0	59.3	13.6	
1944	: 54.6	145.4	200.0	57.1	19.5	
1945	: 45.4	142.9	188.3	59.5	34.0	
1946	: 57.3	128.8	186.1	63.9	32.8	
1947	: 60.6	122.2	182.8	59.1	30.6	
1948	: 68.3	123.7	192.0	60.1	25.8	
1949	: 65.4	131.9	197.3	53.5	26.2	
1950	: 65.7	143.8	209.5	52.1	25.2	
1951	: 63.0	157.4	220.4	59.4	19.6	
1952	: 44.5	161.0	205.5	59.0	25.2	
1953 2/	: 40.4	146.5	186.9	4/58.0	26.1	
1954 2/	: 48.8	4/128.9	4/177.7			
Binder types 51-55 3/						
Average:						
1934-38	: 41.8	165.1	206.9	60.5	12.5	
1939-43	: 59.8	130.6	190.4	61.4	19.7	
1944	: 57.7	108.5	166.2	63.9	30.9	
1945	: 63.5	102.3	165.8	62.3	47.7	
1946	: 74.1	103.5	177.6	53.9	52.7	
1947	: 69.4	123.7	193.1	67.3	43.4	
1948	: 60.5	125.8	186.3	63.1	41.2	
1949	: 61.7	123.2	184.9	49.8	36.0	
1950	: 65.0	135.1	200.1	57.6	35.8	
1951	: 49.8	142.5	192.3	57.5	38.1	
1952	: 47.0	134.8	181.8	57.4	38.6	
1953 2/	: 47.3	124.4	171.7	4/53.0	44.7	
1954 2/	: 48.4	4/118.7	4/167.1			

1/ Includes small quantity of type 45. 2/ Subject to revision.

3/ Includes small quantity of type 56 through 1948. 4/ Preliminary estimate.

In 1954-55 the disappearances of the various classes of cigar tobacco seem likely to be about the same as in 1953-54 since cigar consumption is expected to continue at about the level of the past year.

Supplies

Filler: The October 1 carryover of Pennsylvania and Ohio filler (types 41-44) is estimated at about 129 million--approximately one-eighth lower than a year ago and probably the smallest in 6 or 7 years. The September estimate of production is nearly 49 million pounds--one-fifth larger than the 1953 crop, which was the smallest for many years. Pennsylvania average yields per acre are indicated to be almost a record. The Pennsylvania (type 41) acreage is up 8 percent from last year's and the Ohio (types 42-44) acreage increased slightly. The estimated total supply of these filler types for 1954-55 is about 178 million pounds--down 5 percent from the 1953-54 level. The 1954-55 estimate is 19 percent below 3 years ago, when supplies were the largest since 1942-43.

Puerto Rico produces and ships significant quantities of filler tobacco to the United States. (See table 24.) On July 1, stocks of Puerto Rican tobacco (type 46) in the United States totaled 21.4 million pounds--about one-fifth larger than the unusual low of a year earlier but less than the July figure for most other recent years. The July 1 stocks of type 46 on the Island totaled 37.1 million pounds--slightly above a year earlier and the largest for that date since 1948. The Puerto Rican Department of Agriculture and Commerce reports that the intended acreage for 1954-55 is about 18 percent lower than 1953-54. Each of the last 2 crops were about 34 million pounds--considerably above other postwar years.

Table 24.- Shipments of tobacco from Puerto Rico to the United States for specified periods

Classification	(Declared weight)			Year beginning	July
	Average 1924-28	Average 1934-38	Average 1947-51	1952	1953
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
	:	:	:	:	:
Stemmed	16.1	17.4	10.0	11.1	14.8
Unstemmed	5.1	.1	.8	.7	.7
Scrap	5.8	5.0	6.1	5.9	3.9
Total	27.0	22.5	17.0	17.7	19.4

Binder: The October 1 carryover of the combined binder types is estimated at about 119 million pounds--about 4 percent below a year ago and the lowest since 1946. On the basis of July 1 data, the decline in

total binder carryover is principally attributable to the reduction in the stocks of the Wisconsin types. The September indication of production is over 48 million pounds--2 or 3 percent above the harvest in each of the previous 2 years. Acreage of each of the major binder types is above 1953--the relatively larger increases being in Connecticut Valley Broadleaf (type 51) and Southern Wisconsin (type 54). The September production indication takes into consideration the hail and hurricane damage to the Connecticut Valley types. The Broadleaf (type 51) and Havana Seed (type 52) crops may be about 8 and 2 1/2 percent smaller than last year. The 13 to 14 percent increase in production of both Wisconsin binder types more than offsets the drop in Connecticut so that production of all binder types combined is expected to exceed that of 1953.

The 1954 production of all binder types plus estimated carryover will provide a total supply of about 167 million pounds for 1954-55--4 or 5 million lower than the 1953-54 level and the lowest in 9 years.

Marketing Quotas and Acreage Allotments

Last October, growers of cigar filler and binder types (42-44 and 51-55) voted in favor of marketing quotas on their 1954, 1955, and 1956 crops. Prior to December 1, the Secretary of Agriculture will announce the 1955 marketing quota and acreage allotments on these types. Harvested acreages have been substantially less than total allotments, indicating that allotment acreages are not fully used. Growers of Pennsylvania filler (type 41) rejected a marketing quota on their 1954 crop. Later this year and in accordance with the law, growers of type 41 filler will vote: (1) for marketing quotas on their next 3 crops, (2) for a marketing quota on their 1955 crop, or (3) against quotas. A two-thirds majority of those voting is required to place quotas in effect. In last year's Pennsylvania type 41 referendum, about three-fourths of the growers voting opposed quotas.

Wrapper Supply

The carryover of shade-grown wrapper on July 1, 1954, was 18.2 million pounds--down 6 percent from a year earlier and the lowest in 5 years. All the decline occurred in the Georgia-Florida type 62, which more than offsets the small increase in Connecticut Valley type 61. The September production estimate for shade-grown wrapper is near 15.6 million pounds--6 percent larger than the 1953 harvest and second only to the record 1949 crop. All the increase above a year earlier was in type 62, which is estimated at nearly one-third larger than the small 1953 harvest. Production of type 61 this year is estimated to be about 6 percent less than last year's. The 1954-55 total supply--carryover plus stocks--of domestically grown wrapper is about 33.8 million pounds--very slightly lower than for 1953-54.

The Georgia-Florida wrapper has been under a marketing agreement and order, which restricts marketings to the better quality leaves, since mid-1952.

Table 25.- Cigar wrapper tobacco, types 61-62: Domestic supplies, disappearance, and season average price, averages 1934-38 and 1939-43, annual 1944-54

Type and year	(Farm-sales weight)				Average price per pound
	Production	Stocks July 1	Supply	Disappearance year beginning July 1	
	Million pounds	Million pounds	Million pounds	Million pounds	
Wrapper types 61-62					
Average:					
1934-38	8.4	11.8	20.2	9.3	78.3
1939-43	10.0	12.5	22.6	9.2	108.7
1944	11.3	14.3	25.6	10.9	196.1
1945	11.2	14.7	25.9	12.3	197.3
1946	12.5	13.6	26.1	12.7	234.0
1947	13.5	13.4	26.9	12.4	296.0
1948	15.1	14.5	29.6	13.0	274.0
1949	17.3	16.6	33.9	14.5	201.0
1950	15.5	19.4	34.9	14.9	203.0
1951	14.9	20.0	34.9	13.7	194.0
1952	14.7	21.2	35.9	16.6	198.0
1953 1/	14.7	19.3	34.0	15.8	199.0
1954 1/	15.6	18.2	33.8		

1/ Subject to revision.

Price Supports and Prices

The minimum support levels for the types of cigar tobacco that are eligible is shown in table 26. Price supports will be recalculated on the basis of 90 percent of the October 1 parity and if they exceed the announced minimums, they become the actual support levels for the 1954 crops. Government price support cannot be made available for Pennsylvania filler since growers rejected a quota on their 1954 crop. The 1954-55 Puerto Rican crop will be supported at 90 percent of the October 1 parity in accordance with the applicable legislation. The supply of Puerto Rican tobacco has not thus far exceeded "the reserve supply level" as defined by law and thus a Federal quota has not been required.

The quota and price support legislation does not cover the two shade-grown cigar wrapper types.

Average prices for the 1953 crops of the filler and binder types except Ohio filler were higher than a year earlier. The 1954 minimum supports for Connecticut Valley Broadleaf (type 51) and Havana Seed (type 52) are slightly above the 1953 support levels. For Ohio filler (types 42-44), New York and Pennsylvania Havana Seed (type 53), and Southern Wisconsin (type 54), the minimum supports are slightly less than the 1953 supports and for Northern Wisconsin, practically unchanged.

Cigar tobacco marketings usually begin in the fall and for the Wisconsin types, in January.

Table 26.- Cigar tobacco types 41-62: Government loan levels, season average prices--1951-53, and 1954 minimum supports

Type	1951 loan level	1951 season average	1952 season average	1953 loan level	1953 season average	1954 minimum support
	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound
Pennsylvania filler, type 41	1/	19.0	25.2	1/	27.5	1/
Ohio cigar filler, types 42-44	26.1	24.4	25.0	25.4	18.5	25.1
Puerto Rican filler, type 46 1/	32.6	30.0	32.0	32.4	2/29.0	3/
Conn. Valley Broadleaf binder, type 51	55.2	51.0	50.0	53.4	58.5	53.8
Conn. Valley Havana Seed: binder, type 52	54.2	42.6	48.9	51.2	54.9	51.5
N. Y. and Pa. Havana Seed binder, type 53	28.0	22.3	20.9	26.1	23.4	25.7
Southern Wis. binder, type 54	27.3	25.3	19.5	25.4	24.3	25.1
Northern Wis. binder, type 55	33.5	31.3	31.4	32.0	31.9	31.9
Conn. Valley shade-grown: wrapper, type 61	4/	205.0	210.0	4/	210.0	4/
Ga. Fla. shade-grown wrapper, type 62	4/	180.0	180.0	4/	175.0	4/

1/ Government price support not in effect on type 41 from 1951 through 1954 nor on types 42-44 and 51-55 in 1952. For type 46, the 1952 price support was 33.1 cents. 2/ Tentative. 3/ Support level to be announced about October 1, 1954. 4/ Mandatory loans not applicable.

Table 27.- Cigar tobacco price support operations, 1946-53

Type	Quantity placed under loan by crop year (Farm-sales weight)									Quantity remaining under loan Aug. 30, :
	1946	1947	1948	1949	1950	1951	1952	1953	1954	
Pa. Seedleaf (type 41)	0	0	0	0	2,839	1/	1/	1/	0	
Ohio (types 42-44)	0	0	0	0	2,575	571	1/	2,712	2/1,263	
Puerto Rican (type 46)	10,575	10,257	12,252	9,263	273	1,062	1,417	1,449	0	
Conn. Valley (type 51)	0	0	0	113	51	1,708	1/	17	0	
Conn. Valley (type 52)	0	0	0	3,189	3,724	2,668	1/	1,800	1,353	
N. Y. and Pa. (type 53)	0	0	0	0	4	32	1/	35	0	
S. Wisc. (type 54)	2,244	830	2,038	228	1,433	4,804	1/	2,364	2/6,860	
N. Wisc. (type 55)	0	0	3,043	508	599	73	1/	1,867	1,867	

1/ Price support not in effect because marketing quotas were disapproved by growers.

2/ About 10 percent of the specified quantity of types 42-44 and 31 percent of type 54 are in CCC inventories. Over 1.1 million pounds of types 42-44 indicated as remaining under loan on August 31 has been sold.

Table 28.- Tobacco: Acreage in the United States, by types,
for specified periods with percentages

Period	Flue-	Fire-	Burley	Mary-	Dark	Filler	Binder	Wrapper	United	
	cured	cured	31	land	air-cured	41-45	51-56	61-62	States	
	11-14	21-24		32	35-37	1/	1/	1/		
	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000	
	: acres	: acres	: acres	: acres	: acres	: acres	: acres	: acres	: acres	
Average:										
1924-28	: 893.7	224.4	322.2	31.2	85.9	68.1	64.0	9.6	1,700.3	
1929-33	: 949.5	204.3	460.9	36.1	64.5	65.3	56.3	9.0	1,847.3	
1934-38	: 863.2	135.2	347.2	36.7	42.0	38.7	29.2	8.9	1,501.3	
1939	: 1,269.9	114.5	424.7	40.0	48.7	48.8	41.2	10.9	1,999.7	
1940	: 741.0	119.9	360.3	38.4	47.0	48.4	41.4	10.3	1,410.2	
1941	: 717.6	74.5	341.9	40.3	32.6	47.6	41.0	10.8	1,306.5	
1942	: 792.7	72.8	350.6	38.0	34.0	43.1	36.3	9.6	1,377.3	
1943	: 842.8	68.8	399.3	35.3	30.9	37.9	33.1	9.6	1,458.0	
1944	: 1,017.3	64.7	496.6	45.0	40.2	37.9	37.3	10.5	1,749.9	
1945	: 1,078.7	61.3	512.3	35.0	44.1	36.0	41.8	11.2	1,820.7	
1946	: 1,188.8	91.6	489.0	50.0	40.8	39.0	48.8	12.5	1,960.8	
1947	: 1,161.2	83.8	420.5	47.5	35.3	42.7	46.4	13.6	1,851.6	
1948	: 883.8	62.6	432.0	46.6	29.9	43.6	39.7	15.1	1,553.6	
1949	: 935.4	60.7	447.4	50.0	31.9	42.4	39.5	15.6	1,623.2	
1950	: 958.4	52.9	408.3	50.0	28.7	44.6	42.0	13.7	1,599.0	
1951	: 1,110.1	49.0	456.1	53.0	26.5	39.5	31.7	13.6	1,779.9	
1952	: 1,111.3	47.4	463.5	50.0	26.3	28.7	30.7	13.1	1,771.4	
1953 2/	: 1,021.8	48.3	422.7	45.0	26.0	28.7	29.3	12.2	1,634.2	
1954 2/	: 1,039.0	49.9	396.3	46.0	25.2	30.8	31.5	12.9	1,631.8	
					Percentage change					
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	
Av. 1947-49										
to										
1954	: 4.6	-27.7	-8.5	-4.2	-22.2	-28.2	-24.8	-12.8	-2.6	
1953 to 1954:	: 1.7	3.3	-6.2	2.2	-3.1	7.3	7.5	5.7	-1.1	

1/ Types 45, 56, and 24 ended in 1939, 1948, and 1949, respectively.

2/ Subject to revision.

Table 29.- Tobacco: Yield per acre in the United States, by types,
for specified periods with percentages

Period	Cigar									
	Flue-cured	Fire-cured	Burley	Maryland	Dark air-land	Cured	41-45	51-56	61-62	United States
11-14	21-24	31	32	35-37	1/	1/	1/	1/	1/	:
Average:										
1924-28:	676	767	807	781	784	1,340	1,256	1,041	765	
1929-33:	707	777	777	683	803	1,035	1,350	1,039	770	
1934-38:	856	811	819	749	837	1,266	1,465	954	865	
1939-43:	963	923	985	755	958	1,323	1,526	982	986	
1944	1,069	1,022	1,189	850	1,116	1,440	1,548	1,075	1,115	
1945	1,088	951	1,127	525	988	1,261	1,518	1,001	1,094	
1946	1,137	1,189	1,256	925	1,215	1,469	1,519	1,000	1,181	
1947	1,135	1,031	1,153	795	1,054	1,419	1,495	992	1,138	
1948	1,233	1,170	1,396	750	1,165	1,566	1,524	998	1,274	
1949	1,191	1,189	1,253	825	1,133	1,542	1,561	1,108	1,213	
1950	1,312	1,102	1,222	800	998	1,474	1,547	1,130	1,269	
1951	1,309	1,215	1,355	785	1,197	1,594	1,572	1,098	1,310	
1952	1,229	1,228	1,403	805	1,286	1,550	1,532	1,124	1,273	
1953 2/	1,245	1,013	1,348	825	1,022	1,409	1,614	1,201	1,259	
1954 2/	1,311	1,170	1,422	800	1,197	1,584	1,537	1,206	1,326	
	Percentage change									
Av. 1947-49: .to 1954	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	
	10.5	3.5	12.2	1.3	7.2	5.0	.7	16.7	9.8	
1953 to 1954	5.3	15.5	5.5	-3.0	17.1	12.4	-4.8	.4	5.3	

1/ Types 45, 56, and 24 ended in 1939, 1948, and 1949, respectively.

2/ Subject to revision.

Table 30.- Cash receipts from tobacco compared with total cash receipts from all farm commodities, selected States and United States, average 1947-49, annual 1952-53

State	Cash receipts : Tobacco : as per-			Cash receipts : Tobacco : as per-			Cash receipts : Tobacco : as per-		
	Total : Tobacco	Total : Tobacco	centage : of total	Total : Tobacco	Total : Tobacco	centage : of total	Total : Tobacco	Total : Tobacco	centage : of total
	Average 1947-49 : Million dollars	1952 : Million dollars	Percent	1952 : Million dollars	1953 : Million dollars	Percent	1952 : Million dollars	1953 : Million dollars	Percent
N. C.	751	381	50.7	942	458	48.6	904	457	50.6
Ky.	574	205	35.7	569	206	36.2	544	225	41.4
S. C.	319	68	21.3	384	90	23.4	385	97	25.2
Va.	421	67	15.9	504	92	18.3	469	63	13.4
Tenn.	470	63	13.4	518	72	13.9	479	69	14.4
Ga.	494	49	9.9	645	63	9.8	647	69	10.7
Conn.	155	32	20.6	176	22	12.5	182	25	13.7
Md.	239	18	7.5	261	19	7.3	266	20	7.5
Fla.	358	18	5.0	495	21	4.2	530	18	3.4
Pa.	783	16	2.0	815	10	1.2	802	9	1.1
Mass.	187	12	6.4	203	7	3.4	209	9	4.3
Wis.	1,049	12	1.1	1,136	7	.6	1,055	6	.6
Ohio	993	9	.9	1,090	11	1.0	1,112	13	1.2
Ind.	1,025	5	.5	1,112	6	.5	1,151	7	.6
Subtotal	7,818	955	12.2	8,850	1,084	12.2	8,735	1,087	12.4
U. S. 1/	29,285	960	3.3	32,373	1,090	3.4	31,413	1,092	3.5

1/ Other States with relatively small cash receipts from tobacco are Alabama, Kansas, Louisiana, Minnesota, Missouri, New York, and West Virginia.

Table 31.- Receipts from Federal taxes on tobacco products,
selected averages, and fiscal years 1945-54

Fiscal year	Cigarettes 1/	Cigars 2/	Chewing and smoking	Snuff	All other 3/	Total
	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars
Average:						
1925-29	280,594	30,576	64,727	7,033	1,666	384,596
1930-34	343,029	15,510	57,451	6,954	1,409	424,353
1935-39	456,908	12,677	54,712	6,677	1,214	532,188
1940-44	716,814	18,884	50,914	7,275	4,096	799,983
1945-49	1,099,186	43,765	40,108	7,362	1,095	1,191,517
1945	836,753	36,678	49,574	7,741	1,399	932,145
1946	1,072,971	41,454	41,961	7,373	1,760	1,165,519
1947	1,145,268	46,354	36,548	7,054	544	1,237,768
1948	1,208,204	46,752	37,024	7,372	928	1,300,280
1949	1,232,735	45,590	35,435	7,272	843	1,321,875
1950	1,242,851	42,170	35,070	7,389	985	1,328,465
1951	1,293,973	44,275	33,870	7,235	1,043	1,380,396
1952	1,474,072	44,810	22,817	4,796	4/18,667	1,565,162
1953	1,586,782	46,326	17,244	3,821	738	1,654,911
1954	1,513,740	45,618	16,249	3,925	697	1,580,229

1/ Includes large cigarettes.

2/ Includes small cigars.

3/ Leaf dealer penalties, floor taxes, cigarette papers and tubes, etc.

4/ The extremely sharp increase in this total largely represents the collections of floor taxes on cigarettes following the rate increase that became effective on November 1, 1951.

Compiled from reports of the Bureau of Internal Revenue.

Table 32.- Tobacco manufactures: Net sales, net income, and profit ratios, annual 1947-53, by quarters 1952-54

Year and quarter	Net sales	Net income	Profit				
			Per dollar of sales		As percentage of stockholders' equity (annual basis)		
			Before Federal tax	After Federal tax	Before Federal tax	After Federal tax	Before Federal tax
			Million dollars	Million dollars	Million dollars	Cents	Percent
1947	2,641	178	109	6.7	4.1	16.6	10.1
1948	3,081	257	159	8.3	5.2	22.0	13.7
1949	3,061	250	156	8.2	5.1	20.2	12.6
1950	3,129	281	152	9.0	4.9	21.3	11.5
1951	3,329	294	129	8.8	3.9	21.8	9.6
<hr/>							
New series 1/							
1951	3,378	295	129	8.7	3.8	21.7	9.5
1952	3,702	285	120	7.7	3.2	19.8	8.4
1953	3,768	338	138	9.0	3.7	22.9	9.4
<hr/>							
1952	846	61	25	7.2	3.0	17.7	7.3
1	919	69	28	7.5	3.0	19.1	7.7
2	978	80	33	8.2	3.4	21.9	9.0
3	959	75	34	7.8	3.5	20.5	9.3
<hr/>							
1953	875	65	28	7.4	3.2	17.9	7.7
1	940	90	35	9.6	3.7	24.5	9.5
2	992	97	39	9.8	3.9	26.1	10.5
3	961	86	36	8.9	3.7	23.0	9.6
<hr/>							
1954	846	72	34	8.5	4.0	19.1	9.0
1	846	72	34	8.5	4.0	19.1	9.0

1/ Although not strictly comparable to the series previously published for the years 1947-51, the differences disclosed by comparing the new series with the old series for the year 1951 are relatively minor.

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